FINANCIAL TIMES

No. 27,701 Monday October 30 1978 **15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pts 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Smith delays black rule

...n Smith, the Rhodesian ... Minister, has ruled out a ...ver to black majority ... on December 31, the ...al target date for installa... f a black government.

...said that "purely mechan... isms" meant that the time... for formation of a black ...ment would now spill over ...e first few months of 1979. ...id not give a more specific ...te, but the transitional ...ment is now thought to be ...g towards a handover ...f March 3, the anniversary ... signing of the internal ...ment agreement. Back Page

...VAK sackings

...Iranian Government has ... 34 senior officials of ...K, the state intelligence ...isation. In Tehran, 3,000 ...nts demonstrated against ...hah and eight more deaths ...reported after demonstra... in the provinces. Page 2

...tients ban

...Ormond Street children's ...tal, London, stopped emer... admissions at the week... because of nursing shortages. ...Royal College of Nursing ...will warn Social Services ...tary Mr David Ennals of ...threat to patient care ...d by staff shortages.

...asion warning

...da would attack Dar es ...m if Tanzania did not with... its forces from Uganda by ...ght, according to a Uganda ... report. A series of reports ... a Tanzanian "invasion" ...been broadcast. Tanzania ...denied the allegations.

...lks collapse

...breakdown of talks between ...n trade unions and Prime ...ister Giulio Andreotti over ...spital workers' strike could ...ten the survival of the ...rity Christian Democrat ...rnment. Page 2

...rests planned

...stan's army regime plans to ...t several hundred sup...rs of former premier ...kar Ali Bhutto before the ...eme Court rules next month ...his appeal against a death ...ence.

...LT scope

...Soviet Union would like the ...egic Arms Limitation Talks ... present limited to Russia ...the U.S.—to be extended to ...nuclear powers, says Soviet ...ign Minister Andrei ...nyko. Page 2

...saster area

...dent Marcos has declared ...ate of disaster in Central ...n. in the Philippines. At ... 82 people died when ...oon Rita pummelled the ... Damage to the region's rice ...s has been estimated at ...

...ucking along

...e British Army drivers are ...iderably younger than the ...ks they drive, says the editor ...ane's Combat Support Equip... t. Mr. Christopher Foss adds ... some Nato armies are still ...g World War II trucks.

...iefly ...

...-seater red bus stolen yester... from Consett, Co. Durham, ...found in Blackpool.

...000 weekly premium bond ...e goes to holder of bond ...F 934685.

...Tse-Tung's Little Red Book ... be removed from sale in ...na as part of the policy of ...xing the former leader's ...ological grip on Chinese ...king.

...een Spanish prisoners ...elled their way out of ...ria jail while other convicts ...e watching television.

BUSINESS

Economy 'should go on growing'

● UK ECONOMIC activity should continue to expand next year, the London Business School predicts. The consumer boom should slacken, but demand be sustained by expansion of exports and investment. Unemployment should continue to fall slowly and there was likely to be a small deficit on current account.

Cautious optimism about the short-term outlook for orders and output is also likely to be indicated by the CBI monthly trends inquiry to be published tomorrow. Back Page

● ANY SIGNIFICANT reduction in Britain's inflation rate is hard to envisage, given past monetary expansion, NatWest's economic adviser, Dr. David Lomax, has said. Page 4

Meanwhile, the U.S. Treasury Secretary has said that President Carter's programme to reduce U.S. inflation will have to continue for more than one year if it is to have any effect. Back Page. France's inflation rate could reach 10 per cent this year, but drop back to 6 per cent by 1981, the French Economics Minister has said.

EEC oil plan opposed

● EEC plans for a Community-funded oil exploration programme will meet opposition from Britain, the Common Market's biggest oil producer. The plan will be put to the Council of Energy Ministers meeting in Luxembourg today. Back Page

● GROWING demand for petrol, especially in the U.S. and Western Europe, is pushing prices for North Sea light crude above $14.40 a barrel, according to an oil industry report. Page 5

● STATFJORD oilfield, the largest discovery so far made in the Norwegian sector, will not be as profitable as first thought, the Norwegian parliament has been told. Page 2

● EEC FARMERS are being paid too much for their products, and price cuts of 30 per cent would have to be made to have any impact on Community agricultural surpluses, a hard-hitting agricultural information report has said. Page 4

● EURO-CURRENCY loan to Nigeria, worth $1.15bn, which was held up because of an outstanding debt to a French trading company for cement consignments in 1975, can now go ahead, after a satisfactory compromise reached last week. Back Page

● CBI has told the Government that it rejects outright the idea of a merger between the Price Commission and the Monopolies Commission, as suggested in a Government Green Paper this year. Back Page

● FINANCIAL TIMES grocery index fell a marginal 0.13 per cent this month because of lower prices for frozen foods, tea and coffee. The index now stands at its April level of 101.77. Page 6

● MOTOR Show at the National Exhibition Centre, near Birmingham, has brought manufacturers business worth an estimated £150m and potential orders of considerably more, show organisers predict.

● KAISER ALUMINIUM is ready to go ahead with its £160m expansion of the Anglesey Aluminium smelter at Holyhead as soon as a deal can be agreed with the Department of Energy and the CEGB on a continuous power supply at special prices. The new plant would make Britain self-sufficient in primary aluminium and would create 500 new jobs on Anglesey. Page 5

● DEMAND by more than 1m manual workers for a £60 a week minimum wage will be made to local authorities today. Back Page

U.S. wants to end restrictions by world airlines

BY MICHAEL DONNE, AEROSPACE CORRESPONENT

The U.S. Government may seek wide changes in the Anglo-American air services agreement, known as the Bermuda Two pact, when the agreement is reviewed at a meeting that opens in Washington today.

The meeting was intended originally to enable the two Governments to survey the working of the pact, which superseded an agreement signed in 1946, rather than to be a curtain-raiser for negotiations on a new treaty.

However, the U.S. is known to be unhappy with Bermuda Two, signed in the summer last year, and modified this year. Many U.S. Administration and airline officials regard it as unnecessarily restrictive, especially in the present climate of "de-regulation" in the U.S. airline industry and the widespread moves to promote airline competition.

One possibility is that the U.S. team may seek wider opportunities for U.S. airlines under the agreement, such as allowing more "dual-designation" cities—those that may be served by two airlines from each country.

Those are limited to New York and Los Angeles, but President Carter has asked for dual designation also for Boston, and some airlines would like to see more.

In addition, the U.S. team is expected to seek further fares cuts on the North Atlantic, contradicting the more cautious approach expressed in recent months by some foreign airlines on the route.

They will be encouraged by reports that the widespread introduction of cheaper fares in the U.S. this summer has boosted airline traffic and revenues, and in many cases also resulted in soaring profits.

Impatient

Last week Mr. Gerry Draper, commercial operations director of British Airways, said in Washington that the cheap Stand-By and Budget-Plan fares introduced on the North Atlantic this summer produced total additional revenue of £8m, most of it profit.

There is no doubt that the U.S. aviation authorities are impatient with what they believe to be unnecessary restrictionism among airlines elsewhere in the world. They believe that their cheap fare policies have worked in the U.S. and can be made to work in other places.

The tough new U.S. attitude has been helped by President Carter's warm approval for the fares-cutting and competition-boosting policies of Mr. Alfred Kahn, until last week head of the Civil Aeronautics Board and now to head the President's anti-inflation programme.

Mr. Marvin Cohen, Mr. Kahn's successor at the board, is believed to share President Carter's and Mr. Kahn's beliefs, and the board's cheaper-fares policies are likely to be promoted just as vigorously under his chairmanship.

Although the Americans will not be able to achieve immediate changes in Bermuda Two because it contains machinery to prevent this, they are expected to demonstrate this week that they want to see it altered.

If they felt that the UK did not share their views on increased competition through more airlines serving the route, with more cheap fares, they might serve notice on the UK that they intended to "denounce" the agreement, thereby forcing negotiations for a new one.

Monetary system 'means big changes in policy'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

AN ALL-PARTY Commons committee has been told that the UK could not join and remain a member of the proposed European Monetary System without big changes in the Government's present economic and monetary policies.

This is a central theme of several of the memoranda which have been submitted by leading British economists to the Commons Expenditure Committee in preparation for the inquiry by its general sub-committee into the proposals.

The sub-committee, headed by Mr. Michael English, the Labour MP for Nottingham West, is due to start this week a series of public hearings on the scheme.

It will be the first Parliamentary scrutiny of the proposals ahead of a debate in the Commons, probably in a fortnight.

The views of a wide range of economists and interested parties have been sought by the sub-committee, on the lines of a similar exercise undertaken after the publication of the expenditure White Paper in January.

MR. JAMES CALLAGHAN

Critics

Those asked for memoranda include the TUC, CBI, the Fabian Society, the National Institute of Economic and Social Research, the London Business School and stockbrokers L. Messel and W. Greenwell.

None of the memoranda has been formally published, but the views of several of the organisations have been made public separately and most, though not all, are critical of the scheme as it stands. They include both monetarist and non-monetarist economists.

Critics of the scheme, notably on the left, have said that linking sterling to other EEC currencies would involve severely deflationary policies within the UK, damaging the prospects for both output and employment.

Certain organisations have supported the idea of greater currency stabilisation in principle but have then been lukewarm about the scheme now proposed.

For example, the CBI has favoured UK entry, but subject to a list of safeguards about the operation of the scheme which are unlikely to be agreed by the rest of the EEC.

The London Business School says today in its Economic Outlook that a major shift would be required in monetary and fiscal policy if the UK were to join the scheme and stay in it.

In order to keep sterling stable and avoid a loss of official reserves, the rate of money supply growth would have to be about 5½ per cent below the average in the EEC.

This would imply an expansion of domestic credit in the UK of about £3bn, against this year's target of £6bn, and a similar reduction in the budget deficit.

Accordingly, the School argues that there is much to be said for staying out completely. The worst possible choice it says, would be a half-hearted attempt to join without undertaking the necessary changes in fiscal and monetary policy.

Similarly, brokers L. Messel have told the sub-committee that participation in the scheme would involve the abandonment of Britain's monetary sovereignty and of its own independently chosen monetary targets.

"This would be a retrograde step, as the evolution of monetary policy in recent years has been towards responsible financial targets focussed on domestic economic objectives."

The Treasury will also submit a memorandum to the sub-committee, though it would be surprising if this went beyond explaining the background. Senior Treasury and Bank of England officials are due to be questioned on Friday morning.

The sub-committee's inquiry comes at a time when senior ministers have concluded that a scheme which fulfills British pre-conditions is unlikely to emerge from the current EEC talks. However, negotiations are continuing in order to prevent the UK being isolated from the rest of the EEC.

Bilateral

The EEC monetary committee of officials is due to meet on November 6 and 7 ahead of a key meeting of Finance Ministers on the 20th and the Heads of Government Summit on December 4 and 5. It is possible that there may be further meetings before the summit.

Meanwhile, an intensive series of bilateral meetings between EEC heads of state has also been arranged. Mr. James Callaghan will see both the Italian Prime Minister and the French President at the end of November.

Domestic political activity for and against UK participation is also likely to increase.

At the weekend, a group of anti-EEC Labour MPs, headed by Mr. Bryan Gould, the MP for Southampton Test, wrote to the secretaries of all constituency Labour parties urging them to discuss the scheme at the next meeting of their general management committees.

The MPs are seeking to demonstrate the extent of the opposition which they believe exists to the proposals.

"Slow expansion," Back Page
"Short term" slowdown, Page 4
Unions urge caution, Page 7

Israel rejects Carter protest

By David Lennon

TEL AVIV, Oct. 29.

ISRAEL today rejected U.S. complaints about the expansion of Jewish settlements in the occupied West Bank and Golan Heights.

Mr. Menahem Begin, the Prime Minister, won Cabinet approval for a forceful reply to a protest note sent during the weekend by President Jimmy Carter.

The American Administration was upset by the Israeli Cabinet's decision last week to enlarge Jewish settlements in the occupied territories. The Americans felt that the timing of such a decision could do little to enhance the peace-making process and the hopes of bringing King Hussein of Jordan into the talks.

Details of the Israeli response were not disclosed, but it is understood that Mr. Begin emphasised the right of Jews to settle on the West Bank.

He also argued that the decision to move thousands of Jews into settlements in the occupied territories did not contradict the Camp David agreements.

The decision to exand the settlements was taken to quieten Mr. Begin's Right-wing domestic critics and to demonstrate to the Americans that Israel has no intention of abandoning its footholds in the occupied territories.

Saved

The Cabinet tomorrow will discuss the resumed Egypt-Israel negotiations, which have been resumed in Washington. Members are expected to take up the Egyptian demands for changes in the draft peace treaty.

David Buchan writes from Washington: President Carter, in persuading President Sadat of Egypt not to recall his two top negotiators to Cairo, has apparently saved the peace talks from immediate collapse.

But negotiations between Egypt and Israel did not resume today. U.S. Administration officials were examining the changes that both countries want in the draft treaty, and tried to decide what to do.

The U.S. is not preparing a further draft of the proposed peace treaty to accommodate the alterations, the State Department said.

Ihsan Hijazi adds from Beirut: Arab foreign ministers have been arriving in Baghdad for their meeting tomorrow to prepare for the Pan-Arab Summit Conference, scheduled in the Iraqi capital next Thursday.

Feature, Page 14

Labour likely to survive final session

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN leads the Government into its final parliamentary session on Wednesday with renewed confidence in its ability to retain command of the Commons until at least next spring.

The Queen's Speech, outlining a full legislative programme, has been drafted to secure the support of Scottish and Welsh Nationalist MPs against the Conservatives' immediate challenge to the Government's minority position.

Increased funds have been allocated to the National Enterprise Board and the Scottish and Welsh Development Agencies to reinforce the Government's drive to regenerate industry and reduce unemployment.

The appeal of these measures to the Nationalists will be further strengthened by a firm Government commitment on a date for the devolution referenda and the promise of a Labour campaign in Scotland for a "yes" vote.

Victory

Against the background of the Berwick by-election and the shift in favour of the Government in the opinion polls, Cabinet ministers calculate that this will be enough to dissuade the Nationalist MPs from voting with the Tories.

The Scottish Nationalists, though divided on the issue, recognise that recent by-elections in Scotland have restricted the party's room for manoeuvre.

As they prepared for a political inquest this week into the party's disastrous performance in Berwick, some leading Nationalists accepted that their choice in the first big vote in the Commons on November 8 lay between supporting the Government or abstaining.

Either course would assure the Government of victory — and virtually ensure it was given a six-month lease of life.

Mr. Callaghan's prospects of survival have also been enhanced by the disarray in the Tory party, induced by the Berwick by-election and Mr. Edward Heath's continuing campaign against the party's monetarists.

After being angrily blamed for the party's by-election defeat, the former Prime Minister was absolved by leading Tories yesterday as they tried to heal the divisions over incomes policy.

An unrepentant Mr. Heath repeated in an interview on the ITV programme Weekend World that any attempt to curb wage inflation by monetary policies alone would lead to mass unemployment and bankruptcies.

Several members of the Shadow Cabinet supported his ideas, claimed Mr. Heath, predicting that the next Tory Government would need an incomes policy.

Mr. Heath also extended his criticisms to the Tory leadership's stance on aid for ailing industries. "I am not going to see all this swept away," he said.

With these divisions freshly exposed, the Tory Party hardly appears in the right condition to force a general election over the Queen's Speech.

It is also unlikely to achieve a united front over Rhodesia and the linked questions of defensive arms for Zambia and sanctions which will occupy two days of the Commons debate on the Queen's Speech next week.

Mr. Francis Pym, who has taken over as the Tory spokesman on Foreign Affairs, faces a difficult task in controlling the party's right-wing, which has been infuriated by the Government supplies to Zambia and is also intent on voting against the renewal of Rhodesian sanctions tomorrow week.

Optimism

All together, Mr. Callaghan believes that the prospects of the Opposition parties combining to force the Government into an early defeat have markedly receded.

Cabinet Ministers who, a few weeks ago, prepared the Government's legislative programme with little real hope of getting through any substantial Bills, now approach the session's business with some optimism.

Among the measures to be pushed forward are a Bill to introduce industrial democracy, with statutory obligations on companies to consult their employees on business decisions, and legal rights for employees to claim a third of the places on company Boards.

A new companies Bill will be brought in to cover insider dealing, directors' interests and employees' rights to information.

Editorial comment, Page 14

Hospitals clear backlog

HOSPITALS began work yesterday to try to clear the backlog of operations after the dispute involving 3,500 maintenance supervisors ended at the weekend.

The peace settlement came on Saturday night when management and unions agreed that there should be a bonus scheme for all the supervisors which would pay 15 per cent more—between £13 a week and £16 a week—when fully-implemented within the next six months.

Glaxo fights £4m tax demand

BY MICHAEL LAFFERTY

GLAXO, the UK-based pharmaceutical multinational, is in dispute with the Inland Revenue over a tax bill for almost £4m over—it is thought—the group's transfer pricing policies.

In addition, the tax liabilities of some other UK and foreign Glaxo subsidiaries have not been finally agreed for a number of years.

The dispute is disclosed in Glaxo's latest annual report, which was posted to shareholders last week. The report says that the Inland Revenue, to protect its position on the taxing of some of Glaxo's UK subsidiaries (the tax liabilities of which had been agreed previously) has raised assessments totalling £9½m, on which the Corporation Tax payable would be £3.9m.

Glaxo has appealed on the grounds that the assessments are "estimated, excessive, unsupported by the facts and contrary to the law."

The dispute was first referred to in Glaxo's 1976 annual report, which reported that assessments on hypothetical profits of £7½m had been raised in respect of the accounts for the year to trary to the law."

Glaxo's report last year said that six further assessments totalling £3.2m for the year had been received in respect of 1971. On the other hand, four 1970 assessments and one assessment for 1971 totalling £2.75m had been withdrawn, leaving the net amount outstanding at £8m. It now seems that in the past year further assessments for net profits of £1½m have been issued.

Glaxo said at the weekend that it could only presume that the tax assessments were concerned with transfer pricing, although the Inland Revenue had not stated the grounds.

If this is so, Glaxo is only one of a number of multinationals which have recently had the prices at which they transfer goods in or out of the UK queried by the Revenue.

The best known case concerns the Swiss group Hoffmann La Roche, whose pricing policies for the drugs Valium and Librium were criticised by the Monopolies Commission.

Other companies which are known to have had discussions with the Revenue's special transfer-pricing unit (also known as the Section 485 unit) include Hoover and IBM.

The build-up of the special unit followed the conferring of increased investigatory powers on the Inland Revenue in the Finance Act 1975. Typically, when a company comes under a transfer pricing investigation, its tax affairs are transferred to the special unit at Somerset House.

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

Soviets want wider SALT talks

By Robert Mauthner

PARIS, Oct. 29.

THE SOVIET Union would like the Strategic Arms Limitation Talks (SALT), at present restricted to the Soviet Union and the U.S., to be extended eventually to all nuclear powers.

This was made clear by Mr. Andrei Gromyko, the Soviet Foreign Minister, at a press conference following his talks here last week with President Giscard d'Estaing and M. Louis de Guiringaud, the French Foreign Minister.

Although Mr. Gromyko said he raised this question during his talks, he declined to give any further details. Nor was he much more forthcoming on the state of the current SALT negotiations. An early agreement was possible, he said, but it would still require a number of meetings.

Mr. Gromyko, who welcomed France's recent return to international disarmament discussions, said that he had suggested a meeting of French and Soviet experts to study French proposals for a European disarmament conference aimed at reducing conventional weapons.

Mr. Gromyko, who underlined the special relationship between the Soviet Union and France in spite of the recent cooling of bilateral relations, stressed that the two countries' positions on the Middle East were very close.

President Giscard d'Estaing has accepted an invitation to visit the Soviet Union in 1979.

Western five expected to submit Namibia resolution

BY ADRIAN DICKS

BONN, Oct. 29.

THE FIVE Western Powers involved in the Namibia question are now expected to press rapidly ahead with a resolution of their own in the United Nations Security Council. It is likely to deplore South Africa's insistence on holding early elections in the territory, but to stop well short of calling for the economic sanctions against South Africa favoured by most black African countries.

Agreement on this position was reliably understood to have been the main concrete achievement of the weekend of private talks held at Schloss Gymnich, near Cologne, by the nine EEC foreign ministers. After hearing from Herr Hans-Dietrich Genscher and Dr. David Owen of their recent discussions in Pretoria, the remainder of the nine were believed to have endorsed the proposal that Britain, West Germany and France should now work urgently with the U.S. and Canada to bring a draft resolution before the Security Council.

Sources close to the Foreign Ministers' meeting made clear that the Western countries hope this strategy might even now head off an attempt by African countries to introduce a call for mandatory sanctions against South Africa. If so, a little more time would be available to try to bring *pressure* on South Africa to co-operate with UN-supervised elections in the territory, provided the Secretary-General's representative, Mr. Martti Ahtasaari, has his mandate extended.

While the Namibia question, together with discussions on Rhodesia and on the new South African Government, was said to have dominated the Schloss Gymnich talks, the Ministers also discussed looming internal community problems arising from the forthcoming enlargement of the Nine.

The Ministers were understood to have reacted positively to President Giscard d'Estaing's suggestion of a panel of "three wise men" to study the implications of Greek, Spanish and Portuguese entry for Community institutions.

Iran purges secret police

By Andrew Whitley

TEHRAN, Oct. 29.

THE Iranian Government today tacitly confirmed newspaper reports that a major purge of the secret police is under way, with the dismissal or retirement of 34 senior officials.

The confirmation came during a Press conference with Mr. Mohammad Reza Ameli-Tehrani, the Minister of Information, in which he stressed the Government's conciliatory strategy.

Martial law, in force for the past seven weeks in 12 cities, would be ended at the first available opportunity, he said. The Cabinet's policy was to resist the introduction of "total martial law."

Meanwhile, West Germany has joined Britain and the U.S. in reaffirming strong support for the Shah.

The visiting West German Minister for Economic Affairs, Count Otto Lambsdorff said Bonn did not care to see "the development of ultra-conservative, even reactionary forces, nor in developments in the direction of a more Marxist or Communist Iran."

The Count confirmed that final contracts for the construction of four nuclear power plants in Iran by the West German firm of Kraftwerk Union have been delayed for another year.

AP adds: Violence swept at least 37 areas throughout Iran yesterday, leaving eight people dead in the towns of Kermanshah and Dezful, Government officials said. In Tehran, troops clashed with thousands of anti-Government demonstrators, but no casualties were reported.

Norwegians told of fall in Statfjord Field oil profits

BY KEVIN DONE, ENERGY CORRESPONDENT

THE profitability of the Statfjord Field, the largest oil discovery yet made in the North Sea, has been considerably reduced according to a White Paper presented to the Norwegian Parliament.

The field development through the first two platforms A and B is now expected to give a 23 per cent rate of return before fees and taxes and only 14 per cent after. Last year's estimate for the Statfjord A platform alone was a return of 34 per cent before taxes, but this has fallen to only 27 per cent

Statfjord A is expected to have a return of 17 per cent after fees and taxes, and Statfjord B is estimated at 12 *per cent* because of higher construction costs and a far lower production rate.

The rate of return expected from Statfjord will make it one of the least profitable developments that have been embarked on in the North Sea. The field straddles the median line between the Norwegian and UK sectors, and the group developing the field includes the British National Oil Corporation.

The cost of developing the field has been rising rapidly and it is now estimated at NK 32bn (£3.2bn), NK 3.1bn higher than the last estimate.

According to the White Paper productivity on the Statfjord A platform, which is being fitted out in the North Sea, has been disturbingly low in the last few months. This has been exacerbated by a series of strikes.

The start of production from the A platform has fallen further back and according to Statoil, the Norwegian state oil company, production is now unlikely to begin before the first quarter of 1980. The Norwegian Oil Ministry is doubtful whether the timetable of August 1981 for towing out the B platform will be achieved. The platform might not be towed out until 1982, delaying production for one more year.

Statoil's working capital should be increased by NK 3.39bn, says the White Paper. Its share capital should be increased by NK 500m while NK 2.89bn should be raised by state-guaranteed foreign loans.

The state oil company is planning capital expenditure next year of NK 2.65bn compared with NK 3.96bn this year. Revenues next year are forecast at NK 2.48bn while a deficit of about NK 400m is expected.

Statoil is unlikely to make a trading profit until 1982.

Botha 'flew to Iran over oil'

BY QUENTIN PEEL

JOHANNESBURG, Oct. 29.

MR. PIK BOTHA, the South African Foreign Minister, flew to Iran four weeks ago for talks with the Shah on South Africa's future oil supplies, it was reported here today.

The Johannesburg Sunday Express newspaper said that Mr. Botha, who refused to confirm or deny the story, was told that Iran would not be prepared to defy UN Oil sanctions if South Africa pressed ahead with a unilateral settlement in Namibia.

The newspaper also reported that in an earlier contact, some three months ago, the Iranian Government had demanded and received an assurance from South Africa that it would not pass on to Rhodesia any oil received from Iran.

Iran supplies the great bulk of South Africa's crude oil imports, although no exact figures are available. However it has recently been reported that South Africa has been looking for alternative sources of supply. Several Arab States and the tiny, oil rich State of Brunei have been mentioned.

The newspaper report suggested that the Shah's tough line on oil, in contrast with his traditional good relations with South Africa, is a result of his own internal political problems and dependence on the West.

Failure in Italian union talks

BY PAUL BETTS

ROME, Oct. 29.

THE NEXT 48 hours could be decisive for the survival of the minority Christian Democrat Government after the breakdown of week-end talks between Sig. Giulio Andreotti, the Prime Minister and the trade unions to seek a compromise to end the increasingly bitter strike of hospital workers here.

The Government's refusal to meet the higher wage demand of hospital workers on the grounds that this would compromise its attempts to enforce an incomes policy was immediately followed by the decision of the unions to call a series of further strikes next week, which are likely to spread labour agitation in many other public sectors.

In the face of the intransigent attitude of the unions, the Prime Minister has referred this specifically explosive issue to Parliament, which is expected to consider the matter on Tuesday. Sig. Andreotti, whose Government depends on the direct support of the Communists and Socialists, is *now seeking all-party backing* for his firm line against the unions.

The key Parliamentary debate next week will thus represent something of a confidence test for Sig. Andreotti's administration.

The Prime Minister claims that by surrendering to the hospital workers his Government's attempts to enforce a medium-term economic recovery plan would lose all credibility. One of the main aspects of the programe is a major effort to contain the country's increasing labour costs.

For their part, the main political parties supporting the minority Government reaffirmed this weekend that they did not favour a Government crisis at this stage. According to Sig Enrico Berlinguer, the Communist Secretary General, speaking at Bologna today, a crisis would not solve the country's fundamental economic and social problems.

New fighting expected as Nicaragua talks collapse

BY HUGH O'SHAUGHNESSY

MEXICO CITY, Oct. 29.

GEN. ANASTASIO SOMOZA, head of the family which has ruled Nicaragua for 44 years, and the Left-wing Sandinista guerrillas are preparing for a new outbreak of fighting following the virtual collapse last week of the U.S.-sponsored mediation talks between Somoza and his opponents.

The withdrawal from the talks of the Group of 12 moderate Left-wing leaders, and their claim that the U.S. was still giving aid and comfort to Gen. *Somoza, has dimmed* the chances of a negotiated settlement of the Nicaraguan crisis and of the rapid abdication of the General.

Gen. Somoza is today reported as saying that he intends to continue buying arms for use against those who threaten his Government. The scale of Somoza's arms purchases, according to U.S. officials, has been a major factor behind the decision of the international financial institutions against giving him new loans, and the U.S. and Mexico have been trying to persuade Israel, Gen. Somoza's chief arms supplier, to halt shipments to him.

The much more lightly armed Sandinistas are meanwhile trying to reorganise and strengthen themselves for a new offensive against Gen. Somoza under the leadership of their commander, Eden Pastora.

The fact that Eden Pastora is a political moderate in Sandinista terms and is opposed to the sectarian Leninist attitudes of the far Left factions of the movement goes far to explain why the Sandinistas so far have got little *or no help from the Communist* countries and are reported to be badly off for funds and weapons.

Despite the breakdown of negotiations between Gen. Somoza and the leaders of the nationwide uprising against him last month, the Group of 12, several of whom have sought asylum in the Mexican Embassy in Managua, would be prepared to continue discussions in the freer atmosphere of Mexico City about the withdrawal of the General and his imemdiate family from Nicaragua and the establishment of a broadly-based democratic Government.

U.S. steel imports drop

BY STEWART FLEMING

NEW YORK, Oct. 29.

FOREIGN STEEL imports into the U.S. showed signs of slowing during September, according to preliminary Commerce Department statistics released by the American Iron and Steel Institute.

The figures show a particularly significant decline in imports from the EEC, which has previously been exporting heavily to the U.S. in comparison with earlier years.

Imports in September totalled 1.58m tons, 23 per cent below year earlier levels and also declined significantly from the figure of 1.87m tons in August. A bulge in imports in July and August, particularly from the EEC, had raised serious anxieties about the effectiveness of the Treasury's trigger price mechanism as a tool for controlling what the industry in the U.S. believes to be illegally dumped foreign steel.

In spite of this decline, in the first nine months this year imports rose 19 per cent to 18m tons compared with 13.5m in the same period last year.

Considering that the trigger price system was introduced in May in an attempt to curb imports, the industry in the U.S. still has grounds for questioning its effectiveness. It fears that imports will take a 20 per cent market share this year, up almost 2 percentage points from last year.

● The gulf in the U.S. accounting profession on the question of the adequacy of self-regulatory efforts was underlined by the annual report to be released shortly by Peat Marwick International, the world's largest accountancy firm.

In the report Mr. Walter E. Hanson, the chairman and chief executive, says that he is proud of the profession's efforts to improve its self-regulatory procedure and warns of the continuing struggle to ward off Federal regulation.

Mr. Hanson's remarks contrast sharply with statements by another leading accountancy firm, Price Waterhouse which in its annual report in September was sharply critical of the self-regulatory efforts of the profession so far.

Ireland denies break with £

By Stewart Dalby

DUBLIN, Oct. 29.

DR. JOHN Colley, Irish Finance Minister, today moved to end speculation that a cut in the link between the Irish pound and sterling was imminent.

"There is no basis whatsoever for reports that we are breaking with sterling. I do not contemplate any such move prior to the final decision on the European Monetary System being taken," Dr. Colley said in a radio interview.

Rumours that the Irish punt, which has a firm parity link with sterling, would be set free by tomorrow, caused an influx of over £80m funds into Irish gilts and industrial shares last week. Much of the money was said to have come from Britain. One or two banks had also started to deal forward in Irish pounds through the medium of dollars.

Bruce Andrews adds: Mr. Jack Lynch, Irish Prime Minister, has *officially switched on* the Kinsale Head gas field, Ireland's first commercial hydrocarbon reserve, at Cork.

Belgium sets 'election day'

By Giles Merritt

BRUSSELS, Oct. 29.

BELGIUM'S caretaker Prime Minister, M. Paul Vanden Boeynants, tonight pinpointed December 17, as the date for the country's upcoming general election.

M. Vanden Boeynants stipulated that the target date was contingent on his Government's being able to push urgent legislative measures through the Belgian Parliament inside the seven-week deadline.

In addition to economic measures, the Vanden Boeynants administration aims to pass the necessary legislation that will enable direct elections to the European Parliament to take place here next June.

The Vanden Boeynants Government took office 10 days ago as an interim administration following the surprise resignation of Premier M. Leo Tindemans.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription $265.00 (air freight) $365.00 (air mail) per annum. Second class postage paid at New York, N.Y.

هذا من الأصل

WORLD TRADE NEWS

ITC rejects anti-dumping complaint against motor-cycle producers

BY STEWART FLEMING

NEW York; Oct. 29.

IE U.S. International Trade mmission has determined that rley-Davidson, the sole U.S. tor-cycle producer, has not en injured by the dumping of panese motor-cycles in the untry.

The decision means that the easury, which had earlier und that Japanese cycles were ing dumped in the U.S., will t impose anti-dumping act nalty duties on Japanese pro cers.

Last year, Harley-Davidson, ich produces about 48,000 tor-cycles a year and claims a per cent market share in the S., brought an anti-dumping mplaint against the main panese producers Honda, zuki, Kawasaki and Yamaha, eging that they were selling les below fair value in the S. and significantly below price els charged in Japan and estern Europe for the same les.

The Treasury found in April this year that Kawasaki, maha and Suzuki were selling tor cycles in Japan at between er cent and three per cent be- v U.S. prices for the same oduct. Harley-Davidson had claimed that dumping margins ranged from 20 per cent for Suzuki to 42 per cent for Kawasaki.

For penalties to be imposed in a dumping case it is necesary under U.S. Trade Law not only for the Treasury to find evidence of dumping but, additionally, for the International Trade Commission to find that the dumping has caused injury to the U.S. producer.

Harley-Davidson, which is a subsidiary of AMF, in its complaint to the ITC said that the dumping had prevented the company from entering the middle-weight U.S. motor cycle market, forced it out of the production of light-weight cycles and had eroded its market for heavy-weight machines. Harley-Davidson now only makes heavy-weight machines of around 1,000 cc capacity and has a 42 per cent market share in this sector of the market. A decade ago it accounted for virtually the whole of the heavy-weight market.

The reasons why the ITC determined that the dumping was not causing injury will be set out in full in early November. It is understood, however, that the commissioners, in their four to zero finding, were influenced by their belief that other factors, including for example inadequate design features, have contributed to Harley-Davidson's difficulties and that these outweighed the impact of the dumping. The Treasury did not find dumping, moreover, on any cycle above—the 700 cc class—the market in which Harley-Davidson's operations are now centred.

Harley-Davidson has said that it is disappointed with the ITC's judgment with which it disagrees. But it has claimed that filing the suit has resulted in fairer prices with both Honda and Yamaha raising U.S. prices some 30 per cent since early 1977.

But whatever impact the case has had on Japanese prices another factor will have been the decline in the value of the dollar against the Japanese yen on foreign exchange markets.

Harley-Davidson points out too that Yamaha has entered into a formal commitment with the U.S. Treasury not to dump motor cycles.

Japanese makers have secured a dominent position across the whole U.S. market with the exception of the heavy-weight 1,000 cc bikes. Harley-Davidson estimates that Japanese imports account for 85 per cent of U.S. motor cycle sales. The Treasury puts the value of Japanese motor cycle imports in 1976 at $360m and at around $95m in the first quarter of 1977.

● Japan's colour television exports in September rose 49.7 per cent to 455,284 sets from 304,130 in August and were up 9.8 per cent from 414,650 in September last year, according to the Japan Electronics Industries Association. The September export rise was due mainly to increased sales to the U.S. and West Germany, it said.

Exports to the U.S. almost doubled in September to 214,625 sets from 109,167 in August and were up 11.7 per cent from 192,222 a year earlier.

Exports to Britain fell 9.8 per cent to 18,834 from 20,863 in August but rose 19.9 per cent from 15,708 in September last year.

Japanese colour television production in September rose 21.5 per cent to 771,000 from 634,570 in August and up 1.1 per cent from 762,600 in September last year. Reuter.

Britain to advise Egypt on gas scheme

By Kevin Done, Energy Correspondent

BRITISH GAS has been chosen by Egypt as the consultant for the country's first scheme to develop natural gas for household use.

The corporation's international consultancy service will advise on a multi-million pound scheme to distribute gas to four suburbs of Cairo.

The contract, which still has to be negotiated in detail with Egypt's Petrogas authority, could be worth several hundred thousand pounds. It also offers the prospect of further overseas contracts for the UK gas contracting industry.

The Cairo suburbs to be supplied—Helwan, Madi, Heliopolis and Nasr City—are planned to have a population of 650,000 by the year 2000. There are already 300,000 users of bottled liquid petroleum gas in the area. The new natural gas supplies will be transmitted from established fields that are already supplying industry.

British Gas will advise on the extension of the existing natural gas high pressure transmission system, the design and construction of local distribution networks, the conversion of LPG appliances and marketing.

It has carried out other consultancy work abroad in countries such as Australia and New Zealand, and in the Middle and Far East, but this will be its biggest contract to date.

Japan to press Mexico for cut in price of light crude

BY RICHARD C. HANSON

TOKYO, Oct. 29.

THE JAPANESE are prepared to greet President Jose Lopez Portillo of Mexico, who arrives tomorrow for an official visit en route from China, with millions of dollars and billions of yen in loans.

The hope here is that the Mexicans will agree to lower the price of their highly prized light crude oil, thus clearing the way for oil imports and correcting a persistent trade imbalance.

It is unlikely, however, that the Mexican President will be swayed quickly.

The trade gap between Mexico and Japan, though less severe than a few years earlier, expanded to $150.4m in Japan's favour last year from $137.7m in 1976, as exports from Japan rose 16.9 per cent and imports from Mexico gained only 9.1 per cent. The trend this year shows further Japanese export expansion.

Japan would like Mexico to become a major "second" source of crude oil after the Middle East. The Mexicans have indicated they too want to diversify their market away from the U.S.

Mexico is about the same distance from Japan as its major energy supplier, Saudi Arabia, but the Mexicans are asking $13.10 per barrel, fob, for light crude, or U.S. 40 cents more than the Saudis.

In September, Mitsubishi Corp. for the first time arranged to buy on a spot basis 330,000 barrels of oil from Mexico as a test, with the tanker sailing from the East Coast gulf side of Mexico to Japan through the Panama Canal. This is due to arrive during the President's stay.

The major obstacle in increasing oil exports to Japan is the building of tanker facilities on Mexico's Pacific coast—where a refinery is scheduled to be completed this year—and sufficient pipelines from the potentially huge Mexican oil fields.

Mexico plans to raise prodution from about 1m barrels a day to about 2.2m by 1981. It would expect to export about half, with the U.S. perhaps getting 60 per cent, Europe 20 per cent and (if pricing can be agreed) Japan 20 per cent.

The Japanese Foreign Ministry notes that Mexico has slipped in recent years from the biggest trading partner Japan has in Latin America to only fourth and fifth respectively in exports and imports, partly because Mexican trade volume has been relatively stagnant.

Japanese investment in Mexico has been fairly active over the past few years, rising on a licensed basis to $180m in March this year from about $106m in 1973.

During his four-day visit, President Lopez will formally sign a series of private commercial bank loan syndicates denominated in both dollars and yen, as well as official credits for various development projects.

At current exchange rates, these are valued at about $1bn, which can be viewed as the biggest package ever put together for a foreign borrower by the Japanese.

● General Motors, has, it hopes, established the basis on which to expand its business in China, Mr. Thomas Murphy, chairman and chief executive officer, said when arriving in Tokyo from China. GM is the first U.S. company to be hosted by China's Ministry of Machine Building.

Further improvement in S. Africa's trade balance

BY QUENTIN PEEL

JOHANNESBURG, Oct. 29.

OUTH AFRICA'S favourable lance of trade for the first nine onths of the year totalled 611.8m (£346.2m) compared th R278m (£157.3m) for the me period last year, according the latest figures issued by e Department of Customs.

The figures, which exclude ports of gold bullion, and ports of oil and military equipment, point to a continuing provement in the current count surplus, expected to top 1bn (£566m) by the end of the ar.

The September surplus was 134.4m (£76m) from exports of 320m (£350.8m) and imports of 485.6m (£274.8m)—the best onthly surplus so far this year. he surplus in August totalled 45.9m (£26m), and in July 128.6m (£72.8m). Moreover, ie import figure in September as down on the August level of 587.5m (£332.5m), suggesting t least a temporary let-up in the ise in imports since the beginning of the year.

The latest figure has also been arned in spite of a seasonal rop in sales of Krugerrand gold coins, which have made a very substantial contribution to the year's surplus so far.

Indeed the sale of some 2m Krugerrands so far this year accounts for the entire improvement in the nine months' surplus, of R350m (£198m).

News of the latest improvement follows the announcement by Mr. Chris Heunis, the Minister of Economic Affairs, that the third round of import permits for the year will amount to 30 per cent of the 1977 total, bringing the 1978 total to 110 per cent of the 1977 issues. Given the falling value of the rand attached to the dollar, and inflation in import prices, the increase is likely to allow for little more than keeping pace with previous import levels, nevertheless it is a notable change in the recent pattern of progressively tighter import controls.

Meanwhile it was announced in Durban that a new regular shipping service is to be introduced between South Africa and Sri Lanka.

South Africa imports R20m of tea a year from Sri Lanka, as well as rubber, coconut and semi-precious stones.

Brokers anticipate slump if OPEC lifts oil price

BY OUR SHIPPING CORRESPONDENT

THE HARLEY Mullion tanker charter index reached Worldscale 121—its highest point for four years—last Friday as tanker owners consolidated the gains of recent weeks.

There was not a great deal of activity in the Gulf loading area, but brokers remain confident that the present level of rates will hold for the next month. There was more action and further rate improvements in the Mediterranean.

Broker Galbraith Wrightson warns owners, however, that they are unlikely to see further gains with 35 vessels available in the Gulf in the next month.

Most brokers are now preparing for the slump in business expected to occur after the assumed OPEC oil price increase in January, but few expect rates to collapse to the distress levels prevalent for the first half of this year.

Another critical factor is whether owners can push the effects of higher spot charter rates through into the timecharter market. Galbraith Wrightsons's advice to owners is to hold off until charterers are prepared to concede ground.

Dry cargo markets strengthened last week in both the Atlantic and Pacific, although of course any gains are offset by the weakness of the dollar.

The Gulf-Continent grain rate rose last week from $7.50 to $9 (for 60,000 dwt vessel) while Gulf-Japan is up from $11.50 to $12.50 (for 50,000 dwt). Owners in these trades are reported to be pushing for better timecharter propositions, but with little success last week.

Lively freight markets continue to have a beneficial impact on the sale and purchase side, with renewed interest in large tankers.

The highlight was the sale of an eight-year-old Norwegian VLCC of 210,000 dwt to London Greeks for $5.7m. Two smaller Colocotronis tankers were also sold, also to Greek buyers.

The plight of the UK tramp shipowners continues to be reflected starkly in sale and purchase deals. Bibby Line was in the market again last week, accepting $7.75m for the 170,000 dwt oil-bulk-ore carrier English Bridge, built in 1973. This ship has been laid up in Norway for almost a year.

Kenya, Uganda air agreement

By John Worrall

NAIROBI, Oct. 29.

KENYA AND UGANDA have signed a bilateral air service agreement under which aircraft from one country are allowed to overfly the territory of the other, land for technical reasons, take or drop passengers and land in transit to other countries.

Each country is to operate two weekly regional flights of mixed cargo and passengers between Entebbe, Uganda, and Nairobi, and two more international flights to either of the two airports or beyond. The agreement, which takes immediate effect, also allows the two countries to operate four cargo flights a week between Mombasa and Entebbe.

This is regarded as the first step towards normalising relations between Uganda and Kenya since the break-up of the East African Community last year.

U.S. opposed on export credits

BY ROBERT MAUTHNER

PARIS, Oct. 29.

THE U.S. proposal to increase interest rates on export credits, made here last week during the first annual review of the international export credit consensus, has run into strong opposition from other participating countries, particularly the nine EEC members and Japan.

Though the U.S.'s partners have agreed to study the American proposals, which also include the extension of the arrangement to aircraft, nuclear equipment and ships, it will clearly take a long time before the revision procedure is completed, if at all.

M. Gilbert Morleghem, Director of External Financial Relations at the Belgian Foreign Ministry and chairman of the meeting, told a Press conference that a number of countries had stresed that they had already made a big effort to reach the original agreement, which came into effect only in April this year. They did not see why the U.S. should throw the whole consensus into the balance after such a short period.

Moreover, the current unstable conditions on international currency markets and the existence of widely differing inflation rates made it increasingly difficult for an equitable system to be devised. Correctives might have to be applied to export credit rates laid down in the arrangement to take account of the sharp fluctuations of some currencies.

There seems little chance, therefore, that the U.S. proposal to raise the rates on export credits by between 0.25 and 0.75 per cent, with the bulk of rates rising by 0.5 per cent, will be adopted in its present simple form. Nor does the procedure agreed on at last week's meeting permit an early solution.

The intention is to set up a special working group to study the U.S. proposal. But before it can meet, the OECD secretariat will have to work out a detailed mandate on which its discussions will be based.

M. Morleghem made it clear that this working party was not expected to be set up before the next meeting of the participants in the arrangement, which has been fixed for January 1979, when other aspects of the U.S. proposal, such as the extension of the consensus to aircraft, nuclear plant and shipping will be discussed.

World Economic Indicators

INDUSTRIAL PRODUCTION

					% change on year	Index base year
	Sept.'78	Aug.'78	July '78	Sept.'77		
U.S.	147.5	146.7	145.9	138.8	+6.3	1967=100
	Aug.'78	July '78	June '78	Aug.'78		
Holland	125†	130	127	124	+0.8	1970=100
Italy	72.8	127.5	134.2	71.6	+1.7	1970=100
W. Germany	100.3†	105.3	119.0	97.8	+2.6	1970=100
U.K.	110.7	110.2	114.0	109.6	+1.0	1975=100
	July '78	June '78	May '78	July '77		
Japan	122.8	122.4	122.4	113.5	+8.2	1975=100
	June '78	May '78	April '78	June '77		
Belgium	116.5	118.8	123.4	121.3	−4.0	1970=100
France	126.0	127.0	131.0	127.9	−1.5	1970=100

HOME NEWS

Community farmers paid too much, report says

By John Edwards, Commodities Editor

EEC FARMERS are being paid too much and prices will have to be cut ruthlessly before the Community's agricultural surpluses are significantly reduced, according to Agra Europe, an agricultural information service with offices in the main European capitals.

A report issued yesterday by Agra Europe comes to the surprising conclusion that the "green money" system, used to equalise farm prices within the EEC is not a threat to the Common Agricultural Policy, but what holds it together.

Political changes in the EEC and the decline of th agricultural population, cutting rural voting power, would force radical alterations in the Common Agricultural Policy before 1985.

Farmers' profit levels were on average 20 per cent higher than needed to give adequate return on capital. Even if prices were cut by 20 per cent, farmers could maintain their real incomes by using unexploited reserves of production potential from land, animals and machines.

Since the "excess profits" of the larger and more efficient farmers were so large, price cuts would have to be similarly large—at least 30 per cent in real terms—to have any effect in curbing surplus production.

Urban voters were no longer prepared to tolerate a system which they felt forced them to pay more than necessary for their food. Given the failure of price-support mechanisms to control costly surpluses, the Community would be forced to adopt more directly interventionist policies.

Political Change in the European Community: Implications for the Common Agricultural Policy. Agra Europe (London), £17.50.

Dial-a-programme system announced

BY MAX WILKINSON

A NEW British system to allow businessmen and householders to dial a computer programme has been announced in London.

The system aims to give the power of a large programme library to thousands of potential users of low cost micro-computers or adapted television sets.

It was devised by CAP-CPP, the programming company which is co-operating with the National Enterprise Board's Insac, a new software marketing company.

The idea has been developed in co-operation with the Post Office for use on its new Prestel (formerly Viewdata) service. This allows an adapted television set or a computer terminal to be connected by the ordinary telephone network to a central computer file.

Information providers, ranging from financial institutions to marketing companies or public authorities, can place information on the central files for access by any member of the public who has a Prestel set.

A charge is made to those who wish to call up a "page" of information.

The new CAP-CPP system will allow computer programmes to be stored in the central files and accessed as if they were any other type of information.

Mr. Alex d'Agapeyeff, chairman of CAP-CPP claimed that the company had made a world breakthrough with its invention of a special programming system called micro-cobol. This allows programmes written on one micro-computer to be used without modification on a competing brand of machine.

Mr. d'Agapeyeff said that the price of micro-computer-based systems was coming down so fast that soon even the smallest businesses would be able to afford them.

Domestic television sets would also be adapted to become small computers by the addition of a tiny processor, a keyboard and some form of magnetic storage device.

Already home computers can be bought for about £700, and in the next few years they are expected to come down to perhaps £500 for the simplest configurations.

Mr. d'Agapeyeff said that the main limitation on their use would be the difficulty in providing adequate software programmes. His company's new idea for "Telesoftware" in conjunction with Prestel could fill this gap.

Mr. d'Agapeyeff also announced that his company was working with the General Electric Company to produce a prototype terminal.

Accountants speak out on self-employed tax

BY DAVID FREUD

THE ACCOUNTANCY profession has told Sir William Pile, chairman of the Inland Revenue, that it is too early to say whether it supports plans to tax the 2m self-employed on a current year basis.

Sir William told the Commons public accounts committee in March that the accounting bodies have agreed that the switch from previous year assessment "would be a desirable objective if we could get there."

However, the consultative committee of accounting bodies said at the weekend that any suggestion that the accountancy profession would favour the change-over was premature.

The Inland Revenue has launched an intensive study into how to switch to current year assessment, which would bring forward to an earlier date the tax assessment on any level of income. This could mean higher tax bills for many self-employed.

Sir William told the committee of public accounts that there had been a number of formal and informal discussions with the accounting bodies on the proposals and that they would be likely to welcome the change. With this assurance the committee recommended that the change be made as soon as possible.

Inflation rate 'unlikely to fall significantly'

BY DAVID FREUD

A SIGNIFICANT reduction in the rate of inflation in the near future is difficult to envisage, given the past monetary expansion, according to Dr. David Lomax, economic adviser to National Westminster Bank.

A reduction might have been possible a year ago following the appreciation of the exchange rate, and in the wake of continuing declines in inflation.

However, says Dr. Lomax, that opportunity was not taken "and it is difficult now to see even a policy of fiscal concession encouraging lower inflation."

Staniland Hall Associates, a business forecasting group, expects a slowdown but no recession over the next two years, with consumer spending volume rising by 2.5 per cent in 1979 and 1.75 per cent in 1980 after this year's 5.25 per cent growth.

However, spending on electrical durables and furniture and floor coverings is expected to fade, while car registrations, up 21 per cent in 1979, are forecast to decline by 5 per cent in both 1979 and 1980.

Car makers to help with faults survey

By Maurice Samuelson

THE SOCIETY of Motor Manufacturers and Traders is to co-operate with the Office of Fair Trading in a second survey of car owners to investigate faults in new vehicles.

That is in spite of the society's reservations about the results of last year's survey by the office, which showed faults in 67 per cent of new cars.

Since only half the 5,000 questionnaires were returned, the society considers it inaccurate to assume a 67 per cent defect rate.

Faults reported during a car's warranty period might have been routine adjustments rather than serious repairs, the society says.

The aim of the survey will be to provide information on the need for quality control. It will also show which makes of car have the most faults.

Mr. Gordon Borrie, Director-General of Fair Trading, is said to have given a warning that unless the main offenders "pull up their socks," next year's findings will be published.

Peachey inquiry report sent to department

The draft report on the 18-month investigation into the late Sir Eric Miller's conduct as chairman of the Peachey Property Corporation has been sent to the Department of Trade.

Sir Eric, aged 50, shot himself a year ago last September in the garden of his home in the Little Boltons, Kensington, London.

The inquiry was one of two investigations into Sir Eric's affairs. The other, which is continuing, is by the City of London Fraud Squad.

Society's advantage

THE Co-operative Wholesale Society is well placed to take advantage of bouyant consumer spending expected in the next few months, Mr. Bill Farrow, chairman, said at the weekend.

Offshore oil chief

THE Department of Energy has appointed Mr. Norman Smith as director-general for the Offshore Supplies Office in Scotland.

British Rail success

More than one-third of the visitors to the Motor Show near Birmingham used trains to get there. British Rail was jubilant with the way the meticulously-planned operation, the biggest-ever mounted, had gone without a hitch.

Guarantee honoured

The Electrical Contractors' Association has handed over its first cheque, for £1,141, under a new contract completion guarantee scheme.

Unpopular clothes

Clothing retailers are worse off than their fellow High Street traders, with consumer spending on clothes almost at a standstill, according to a report from Inter Company Comparisons.

Growth slowdown 'short-term'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of growth of output is likely to slow down around the end of this year as the consumer boom slackens. During 1979, however, the expansion of investment and exports should help sustain demand so that the increase in overall output next year is only slightly less than in 1978.

These are the main short-term projections for the UK economy contained in the London Business School's Economic Outlook 1978-82, published today.

Among other main points is that the rate of price inflation will move back towards double figures unless current fiscal and monetary policies are changed. Unemployment is expected to stay at about its present level over the next four years, although there could be a slight decline until the end of 1980.

The Economic Outlook contains a detailed discussion of the proposed European Monetary System by Dr. Alan Budd and Mr. Terry Burns of the school. They conclude that a big shift would be required in monetary and fiscal policy if the UK was to join the scheme and stay in it.

LONDON BUSINESS SCHOOL ECONOMIC FORECASTS

Annual Percentage Change	1978	1979	1980	1981	1982
At 1975 prices:					
Gross Domestic Product	3.5	3.3	3.6	2.5	2.5
At 1970 prices:					
Gross Domestic Product	3.0	2.6	3.2	2.1	2.4
Consumer spending	4.8	3.1	2.0	2.1	2.4
Private fixed investment (excluding dwellings)	7.0	3.6	7.9	2.1	4.2
Public expenditure on goods and services	2.0	2.0	2.3	1.8	2.0
Exports	4.2	5.7	4.2	4.1	3.5
Imports	7.9	6.6	5.2	4.8	5.4
Consumer prices	8.8	9.9	10.2	11.0	9.2
Average earnings in manufacturing	14.6	11.6	12.0	14.4	12.3
Money supply (M3)	14.4	12.7	15.7	13.4	12.1
Annual Average					
Wholly Unemployed (Great Britain)	1.31m	1.27m	1.26m	1.27m	1.31m
Annual Total					
Current acount (£m)	—3	—523	—733	135	—353

Worst choice

The rate of money supply growth would have to be about 5½ per cent below the average in the EEC—recently about 12 per cent a year. In order to avoid a loss of official reserves this would imply domestic credit expansion of about £3bn against this year's target of £6bn, with a similar reduction in the budget deficit.

The article points out that if the control of inflation is the Government's main objective this could be achieved without joining the system. The worst possible choice, the authors conclude, would be a half-hearted attempt at membership without undertaking the necessary changes in fiscal and monetary policy.

The authors say there is much to be said for staying out completely, but they also outline a plan for a two-year transitional period before full membership, during which the UK would have to get its inflation rate down to 4 per cent.

The forecasts assume that the UK will not join the proposed system and reflect the conventional unchanged policy assumption for other influences—in particular announced plans for public spending and annual adjustments to both income-tax allowances and indirect taxes to take account of inflation.

The public sector borrowing requirement in the current financial year is expected to be £8.3bn, compared with the official £8.5bn limit. On present policies, it would rise to £9.4bn in 1979-80. Domestic credit expansion is projected at £6.5bn in 1978-79, compared with the limit of £6bn. The broadly defined money supply is forecast to grow by 11.8 per cent in 1978-79.

Accordingly, while sterling should remain at about its present level until the middle of next year, the rate is likely to decline thereafter by about 3 to 4 per cent a year.

On the same basis, and after taking account of the likely change in competitors' prices, earnings are likely to rise by about 11 to 12 per cent during the current pay round. The school argues that if the Government wants to improve on this it needs a correspondingly tighter monetary policy with a higher exchange rate.

The Government's policy of forcing restraint will be a "pointless exercise. The effect on the inflation rate will be minimal and the harmful effect on industrial structure will be far more enduring."

The rate of consumer price inflation is expected to edge up slightly next year. The convergence of the growth of prices and earnings, coupled with the expectation that there will be no further major reflationary measures, indicates a much slower growth of living standards, measured by real personal disposable income, in 1979—up by 2.4 per cent against 5.3 per cent this year.

The increase in real consumer spending is consequently expected to slacken from 4.8 to 3.1 per cent between the two years. With a faster expansion of exports next year, though, a much smaller slowdown in the growth of total output is projected—from 3 to 2.6 per cent (at 1970 prices).

The London Business School believes that the growth of output in 1980 should be strong, thanks largely to the buoyancy of world output. "The years 1978 to 1982 should prove to be distinctly better in almost every respect than the last five years."

The Outlook notes that the difference between the present recovery and earlier consumption-led booms is that North Sea oil is keeping the balance of payments in near equilibrium. Although the current account is expected to move into deficit over the next couple of years, the scale is not expected to be serious.

Economic Outlook 1978-82, published jointly by the London Business School and the Gower Press. Annual subscriptions £40.00 from Gower Press, 1 Westmead, Farnborough, Hampshire GU14 7RU.

HOME NEWS

Provincial bus fares likely to rise

By Maurice Samuelson

ARES on most of the provincial rvices run by the National Bus ompany are likely to rise by tween 7 and 10 per cent from rly in the New Year.

Many of the 35 individual mpanies under the umbrella the nationally-owned bus comny have already made applicaons for fare increases which ll be considered by the Traffic mmissioners in the next two onths. In most cases, they will the first rises for more than a ar.

The final level of increase will pend on the amount of subsidy r loss-making routes which mpanies receive from county uncils. Last month, the Govnment warned councils that ey could forfeit financial suprt for road schemes if they t their own bus subsidies.

It is up to the individual comnies to decide on the size of crease they require. United d Northern General, which erate in the North East, are eking 7½ per cent, while South ales companies are asking for ghtly below 10 per cent.

National Bus says it needs the tra money to continue to eak even. Apart from the unty subsidies, it receives no iblic money.

In recent years, the gap tween coach and rail fares has rrowed and the company has pressed concern about British ail's cheaper fares policies.

Decision sought on fibre industry restructuring

BY RHYS DAVID, TEXTILES CORRESPONDENT

A STRONG HINT has been given that the fibre industry is looking for a favourable decision from the European Commission on the restructuring plan it has drawn up.

Mr. Bill Barnes, chairman of the British Man-Made Fibres Federation, speaking at a conference of European filament weavers at Runnymeade, Surrey, said the plan provided a workable mechanism which would enable capacity to be brought into line with demand without imposing disruptive, violent shifts in market shares.

It offered the industry its best chance of a reasonably early return to financial health.

The scheme was drawn up in the summer by the fibre producers in consultation with M. Etienne Davignon, the European Commissioner for Industry—but subsequently ran into opposition with the EEC Directorate responsible for competition policy.

Commission officials have been discussing the industry's problems in detail with producers throughout Europe.

With their report now complete the restructuring *proposals are again due for* discussion by the Commission early next month.

The scheme envisages rationalisation bringing an overall reduction of about 15 per cent in EEC fibres capacity. At the same time there would be some re-adjustment of market shares in favour of Italian producers.

"Although the issue has not yet been decided, we fervently hope that permission for implementation of the plan will be granted," said Mr. Barnes.

The difficulties in the industry, he said, were the result of massive expansion aimed at catering for a demand which had not materialised.

Since 1960, growth in textile industry output in the OECD countries had increased by about 50 per cent while production of man-made fibres had gone up by 400 per cent.

A similar increase had taken place recently in production capacity in Third World and Soviet bloc countries.

"Fate has decreed that since 1973 we should have the responsibility of guiding our industry through a combination of stubbornly weak demand, chronic over-capacity and increased labour, raw material and transport costs."

Mr. Barnes forecast a brighter period ahead for the industry and a growing inter-dependence between fibre producers and customers.

North Sea oil price up

BY KEVIN DONE, ENERGY CORRESPONDENT

THE GROWING demand for petrol worldwide, but particularly in the U.S. and Western Europe, is pushing prices for North Sea light crude oil above $14.40 a barrel.

According to a report prepared by Fiske, the stockbrokers, petrol prices on the Rotterdam spot market have recently touched $200 a ton compared with $130 barely six months ago.

Petrol demand has been strong all through the summer, with a growth in sales in Western Europe of 4 to 5 per cent since the spring. In the U.S. demand jumped by 7 per cent in July followed by 5 per cent in August.

The demand for North Sea light crude has also been encouraged by restraints on production in OPEC countries, particularly in Saudi Arabia, limiting total crude exports to no more than 65 per cent light crude.

Extra pressure is being applied to oil prices in the lead-up to the OPEC price-fixing meeting in Abu Dhabi in December. A 7.5 per cent price rise at this meeting would lift the average price of Arabian marker crude—the base price—from $12.70 to $13.65 a barrel, and North Sea crude prices could rise from $14.40 to $15.48 a barrel.

By contrast, prices for heavy crude are still depressed, reflecting the recession in big industries, such as steel and shipping.

Scottish exports increase by 24%

By Ray Perman, Scottish Correspondent

SCOTLAND is one of the fastest-growing regions of the UK in terms of exports of manufactured goods, a survey by the Scottish Council Research Institute suggests.

Inquiries among 600 companies showed that between 1974 and 1977 exports from Scotland increased by 24 per cent in real terms compared to 14 per cent from the U.K. as a whole.

Over the same period Scotland's share of total manufactured exports from Britain rose from 10.4 per cent to 11.5

Whisky was the most important single export, with nearly two thirds of all production sent abroad last year. But, while it maintained its preeminent position, as a proportion of all exports it declined from a quarter in 1971 to 14 per cent last year.

The engineering industries *performed* well but exports of ships, and textiles—two traditional Scottish industries—declined in real terms.

The destination of Scottish exports has also changed. *Since 1974 the proportion of* goods sold to European countries has grown while there has been a drop in the proportion sold to North America.

Scotland's manufactured exports: 1974-77. Scottish Council Research Institute, 1, Castle Street, Edinburgh, EH2 3AJ. Price £2

Aluminium output boost awaits cheap power deal

BY ROY HODSON

KAISER ALUMINUM is prepared to go ahead with a £160m expansion of the Anglesey Aluminium Company smelter as soon as it can agree with the Central Electricity Generating Board over cheap, continuous power.

Mr. Bill Hobbs, Kaiser's vice-president and treasurer, said in London at the weekend that he was expecting a Government-supported power price offer within weeks.

Up to 500 new jobs will be created at the smelter, at Holyhead, and the annual ingot capacity will be doubled to 224,000 tonnes if the price for the extra electricity can be agreed.

The new capacity would make Britain self-sufficient in primary aluminium by supplementing output from Anglesey, the British Aluminium Scottish smelters, and the Alcan smelter at Lynemouth, Northumberland.

The Department of Industry, Department of Energy, the generating board, the Welsh Office, and the Welsh Development Agency, have all been negotiating with Anglesey Aluminium for a year.

Rio Tinto-Zinc Corporation is leading the negotiations on behalf of Anglesey Aluminium. It has a one-third holding in the company, which was formed to run the Anglesey smelter. Kaiser Aluminium holds two-thirds.

The various Government departments are still arguing with the generating board which opposes providing further cheap electricity for expansion at the smelter. The board feels that it has to carry a heavy financial load arising from the existing power deal for Anglesey Aluminium arranged by the Wilson Government 10 years ago.

The cost of that power has never been made public. It is probably near the lowest European power rates for heavy industry from base-load power stations, of about 10 mills. A mill represents payment of a tenth of a U.S. cent for each kilowatt-hour of electricity. Usual British industrial rates are two to three times higher.

The board has an excess of electricity generation capacity. It has a planning margin—production capacity over expected maximum demand—of 28 per cent.

However, the board points out that it does not necessarily have a power surplus to sell cheaply, and without interruption, to industry. Labour disputes and the delays in completion of new power stations are forcing the board to hold more power stations in reserve than before.

More help urged for housing renovation

By Paul Taylor

BIG CHANGES in Government policy towards housing renovation are called for today by the Association of Metropolitan Authorities.

A report by an association working party says that the Government is not doing enough to help people repair, maintain and modernise their homes.

The association says that deteriorating housing conditions will cause great problems in the future and can be resolved only by a big Government re-think of national policies on housing repairs and improvements.

The number of unfit houses had declined between 1971 and 1976, but there had been a "substantial rise" in the number of dwellings in "substantial disrepair."

Councillor John Bradley, chairman of the association's housing committee, said that the swing away from slum clearance had not resulted in a corresponding increase in improvements.

The Association is recommending a five-point programme to raise the level of financial incentives for improvement and repair.

It includes a new fabric repair grant to cover the costs of basic repairs, 75 per cent grants for properties lacking basic amenities, the raising of cost limits on grants to reflect inflation, and building societies or local authorities to advance mortgage monies for renovations.

Far East equity funds do best for pensions

BY ERIC SHORT

EQUITY FUNDS based on Japan and elsewhere in the Far East were the best-performing pension funds over the 12 months to the end of September, according to the latest figures from Harris Graham, a leading firm of pension consultants. However, the best average performance overall came from property funds.

Far East funds occupied the three top places in the equity performance table. Heading the list was Anglo-Nippon Exempt, with a rise of 93.4 per cent. The average equity performance over the year amounted to a 13.1 per cent rise, compared with an increase of only 7.4 per cent in the FT-Actuaries All Share Index (with income reinvested). In all, 39 of the 52 funds analysed managed to do better than the index.

Property funds recorded the best average performance over the year, with a rise of 19.7 per cent. Top of the league table was Abbotstone Agricultural, with an increase of 37.3 per cent. However, even the bottom fund, Industrial and Commercial, improved by 14.6 per cent. Fixed interest funds, in contrast, had an average rise of only 1.6 per cent over the year, reflecting the weakness in gilts.

Pension fund investment depends much on getting the correct balance between the three investment media: equity, property and fixed-interest. Pension schemes can decide on the proportions themselves, or leave it to the instiutions by investing in a mixed fund. Here, the average performance showed a rise of 4.6 per cent, with the top fund, Welfare Life, having an increase of 12.4 per cent.

PERFORMANCE OVER THE 12 MONTHS TO SEPTEMBER 30, 1978

EQUITIES	Change %	FIXED INTEREST	Change %
Top: Anglo-Nippon Exempt	+93.4	Top: Confedertn. Life Fixed	+10.7
Average	+13.1	Average	+ 1.6
Bottom: Equity Capital	nil	Bottom: King & Shaxson Bd.	−13.9
FT-A All Share	+ 7.4	FT-A All Stocks Gilts	− 0.9
PROPERTY	**Change %**	**MIXED FUNDS**	**Change %**
Top: Abbotstone Agriculture	+37.3	Top: Welfare Life Mixed	+12.4
Average	+19.7	Average	+ 4.6
Bottom: Industrial & Comm.	+14.6	Bottom: Lloyds Bank Exempt	− 0.8

Retail Price Index +7.8 per cent
Basic State Pension +14.4 per cent

Directors call for tax cuts and competition

BY COLLEEN TOOMEY

A CUT in top income tax rates to 50 per cent and a declaration of intent to reduce the standard rate to 25 per cent have been urged on the Government by the Institute of Directors.

Mr. Jan Hildreth, director-general of the institute, has written to the Prime Minister asking for proposals to create a healthier business climate to be included in the Queen's Speech on Wednesday.

"The main immediate needs are the provision of more jobs and a substantial improvement in living standards for all," he said.

"These can be achieved if business is encouraged to flourish and we believe that this is the chief consideration which should be borne in mind when framing Government policy."

Mr. Hildreth spelled out his recipe for success with a programme which included a strong competition policy, tax cuts, better national housekeeping and a commitment from the Government to balance its budget.

The customer's interest was paramount and any monopoly power threatening this had to be opposed, he said. The Government must therefore encourage competition.

Businessman's Diary

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Oct. 30—Nov. 3	Midland Metal Sawing and Tube Working Machine Exhibition	Addison Exbn. Centre, Willenhall
Oct. 31—Nov. 2	Equipment and Machinery Demonstration: Labels and Labelling	Clothing Technology Centre, SW4
Nov. 1—2	EIA Engineering Exhibition	Watford Leisure Centre
Nov. 5—8	Furniture Preview Show	Olympia
Nov. 7—9	Fluid Handling Exhibition	Harrogate
Nov. 9—19	Caravan Camping Holiday and Mobile Homes Show	Earls Court
Nov. 11—19	International Ski Show	Earls Court
Nov. 13—15	National Graphic Design and Drafting Exhibition	Intercontinental Hotel, W1
Nov. 13—18	Public Works Congress and Exhibition	National Exbn. Centre, Birmingham
Nov. 13—18	ENPOCON—Environmental Pollution Control Exhibition	National Exbn. Centre, Birmingham
Nov. 13—18	TASSEX '78—Transportable Accommodation and Site Services Exhibition and Conference	National Exbn. Centre, Birmingham
Nov. 13—18	EWT—Effluent and Water Treatment Exhibition and Convention	National Exbn. Centre, Birmingham
Nov. 14—17	Careers for '79 Exhibition	Alexandra Palace, N22
Nov. 19—26	International Kitchen and Bathroom Show—FIT	Olympia
Nov. 19—26	Int. Renovation and Home Improvement Show	Olympia
Nov. 20—21	British Cardiac Society Conference and Exhibition	Wembley Conf. Centre
Nov. 21—25	Breadboard Exhibition (Home Electronics)	Seymour Hall
Nov. 26—30	Wholesale Buyers' Gift Fair	Mount Royal and Mostyn Hotels, W1
Nov. 28—Dec. 1	Video Tradex Exhibition	Heathrow Hotel

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	SNOW 78—Sports, Winter and Recreation Show (closes Nov. 12)	Basle
Current	INTERPEL—International exhibition of Leather and Travel Articles (closes Nov. 30)	Dietikon
Current	Electronics Trade Fair (closes Nov. 3)	Amsterdam
Current	IFAS—International Trade Fair for Medical Supplies (closes Nov. 4)	Zurich
Nov. 3—8	International Book Fair	Beograd
Nov. 7—11	International Sheet Metal Working and Forming Exhibition	Essen
Nov. 8—17	British Industrial Exhibition	Mexico City
Nov. 9—19	Antique Dealers' Show with international participation	Lausanne

BUSINESS AND MANAGEMENT CONFERENCES

Oct. 31	Oyez IBC: Advertising and Marketing to Children Conference	Royal Lancaster Hotel, W2
Nov. 1	ASM: Seminar—Legal Aspects of Purchasing	Cafe Royal, W1
Nov. 1	HS Conference Studies: Taxation of Property	Europa Hotel, W1
Nov. 1	British Council of Productivity Associations: Personnel Records and Appraisal Systems	Waldorf Hotel, WC2
Nov. 1—2	Company Communications Centre: Interruption Insurance/Inflation Accounting and Insurance	Inn on the Park, W1
Nov. 1—3	Frank Jefkins School of Public Relations: Planned Press Relations	Connaught Rooms, WC2
Nov. 1—4	Strategic Management Learning: 10th Integrated Marketing Seminar	Royal Bath Hotel, Bournemouth
Nov. 2	McGraw-Hill: Industrial Direct Mail—Seminar	Royal Garden Hotel, Kensington, W8
Nov. 2	British Relay Electronics: Electronic Equipment for the Hotel and Travel Industries	Cafe Royal, W1
Nov. 2—3	AMR International: Management of Construction Projects	Grosvenor House Hotel, W1
Nov. 3	Institute of Chartered Accountants/Institute of Directors: Conference on Audit Committees	Royal Lancaster Hotel, W2
Nov. 3	BIOSS: Interviewing for Graduate Selection—Seminar	Brunel University
Nov. 6	Management and Business Studies: Leadership in Industry and the Added Value Concept	Old Ship Hotel, Brighton
Nov. 7	Institute of Purchasing and Supply: A practical Approach to Installing Computers	Excelsior Hotel, Heathrow
Nov. 7	International Business Communications: Disclosure Requirements and Financial Statements	Royal Lancaster Hotel, W2
Nov. 7	Institute of Marketing: Sales Letter Writing	Royal Horseguards Hotel, SW1
Nov. 7—8	ASM: Practical Cost and Budgetary Control	St. Ermin's Hotel, SW1
Nov. 7—9	Bradford University: Effective Forecasting for Managers	Management Centre, Heaton Mount, Bradford
Nov. 7—9	Trenton Exhibitions: INTERFLOW '78—the Fluid Handling Exhibition and Conference	Harrogate
Nov. 7—9	Urwick Management Centre: Management of Finance in Construction—seminar	Slough
Nov. 7—10	Institute of Personnel Management: Elements of Salary Administration—course	Whites Hotel, Lancaster Gate, W2
Nov. 7—10	GASTECH '78 International Conference and exhibition	Monte Carlo
Nov. 9	British Franchise Association: Seminar—The Business Format Franchise	Cafe Royal, W1

FT GROCERY INDEX

Marginal drop in overall price

BY PAUL TAYLOR

THE Financial Times grocery shopping basket fell in price marginally this month, mainly because of a drop in frozen food, tea and coffee. The decline, of 0.13 percentage points, was sufficient to take the index back to its April level of 101.77.

The index is based on prices collected by 25 Financial Times shoppers in all types of shops and locations throughout the UK. It reflects the trend in food prices several weeks before the position is reflected in Government statistics.

Frozen foods, preserves and dry groceries, canned goods, soft drinks and beverages all fell in price but dairy produce, bread, an increase of between 2p and 3p a half-dozen for eggs sent the total dairy bill up by 53p to £482.52. On November 5 the maximum retail price of milk is to increase by 1p; however an expected 6p-a-pound reduction in butter prices later in the month is likely to redress the balance.

Increases of between 2½p and 9p on salad cream sent the sauces bill climbing, supported, in some cases, by an increase in the price of tomato ketchup.

A small increase in the price of fruit and vegetables was almost entirely due to higher prices for cabbages, cauliflowers and mushrooms, with the period of fairly good weather once again being reflected in a con-

THE FINANCIAL TIMES SHOPPING BASKET
OCTOBER, 1978

	October £	September £
Dairy produce	482.52	481.09
Sugar, tea, coffee, soft drinks	177.28	181.55
Bread, flour, cereals	237.55	237.24
Preserves and dry groceries	86.54	87.30
Sauces and pickles	41.62	41.35
Canned goods	156.28	156.51
Frozen goods	187.30	190.26
Meat, bacon, etc. (fresh)	442.66	442.63
Fruit and vegetables	169.39	168.45
Non-foods	182.64	180.16
Total	2,163.78	2,166.54

Index for October: 101.77

1978: March 100; April 101.77; May 103.11; June 104.18; July 102.41; August 101.89; September 101.90; October 101.77.

flour and cereals, sauces and pickles, meat, fruit, vegetables and non-foods all became dearer.

The drop in frozen food prices was almost entirely attributable to a fall in the price of frozen chickens. That caused a £2.96 fall in the total frozen goods bill, bringing it to £187.3.

Tea, particularly tea-bags, fell in price, reflecting the decision of the main supermarkets to cut prices at the beginning of the month, while coffee was down by anything between 8p and 33p for 8 ozs. The fall in retail coffee prices reflects market prices of between five and six months ago and the retreat from the unprecedently high market prices reached early in 1977.

So, in spite of sugar price increases, the sugar, tea, coffee and soft drinks bill fell £4.27 to £177.28.

On the dairy side a small increase in the price of butter and tinuing fall in other fruit and vegetable prices.

Meats generally showed a slight but uneven rise in price. It was, however, the non-food sector that showed the largest absolute price rise this month. The £2.48 price rise in the total bill for non-foods reflected patchy increases in the price of toothpaste, toilet paper, soap, washing powder and bleach.

MOTOR CARS

COMPANY NOTICES

CITY OF OSLO
10% 1974/1981 UA 15,000,000

On October 19, 1978, Bonds for the amount of UA3,750,000 have been drawn in the presence of a Notary Public for redemption on December 5, 1978.

The following Bonds will be reimbursed coupon due December 5, 1979, and following attached:

8138 to 11887 incl.

Amount unamortized: UA11,250,000

Luxembourg, October 30, 1978.

The Fiscal Agent,
Kredietbank S.A.,
Luxembourgeoise

LEGAL NOTICES

No. 003348 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of GAVIN STAREY INDUSTRIAL LIAISON LIMITED and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding-up of the above-named Company by the High Court of Justice was, on the 18th day of October 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 20th day of November 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 17th day of November 1978.

Certified translation

NOTIFICATION

On the 28th day of September, 1978, Bergen byrett (Bergen City Court), Norway, pronounced a judgment by default, with the following conclusion:

Within 2 (two) weeks from the service of judgment Jeddah Overseas Industrial Sea Transport Ltd. shall pay International Shipping Co. Inc. the sum of US$23,255.36 (twenty-three thousand two hundred and fifty-five 36/100) with 10 (ten) per cent interest p.a. from February 6, 1978, until payment takes place, plus costs amounting to N.Kr. 9.000.— (nine thousand Norwegian kroner).

Jeddah Overseas Industrial Sea Transport Ltd. can obtain a copy of the writ on application to the Court.

(stamp) BERGEN BYRETT
Bergen byrett, Sept. 28, 1978.
(Signed) NILS BEYER.

ANNOUNCEMENTS

TO WHOM IT MAY CONCERN

The proceeds of the Charity Event held by the October Committee on Tuesday, 11th July, 1978 in aid of the Police Dependants Trust will now be donated to the National Spinal Injuries Centre, General Amenity Fund. Any persons who contributed having any objections to this course of action should write to:—

D. I. SOUTER, Hon. Sec.,
16, Winifred Road,
Apsley, Hemel Hempstead.
WITHIN SEVEN DAYS.

ART GALLERIES

CLUBS

CLASSIFIED ADVERTISEMENT RATES

	per line £	single column cm. £
Commercial and Industrial Property	4.50	14.00
Residential Property	2.00	8.00
Appointments	4.50	14.00
Business & Investment Opportunities, Corporation Loans, Production Capacity, Business for Sale/Wanted	5.25	16.00
Education, Motors, Contracts & Tenders, Personal, Gardening	4.25	13.00
Hotels and Travel	2.75	10.00
Book Publishers	—	7.00

Premium positions available
(Minimum size 40 column cms.)
£1.50 per single column cm. extra

For further details write to:
Classified Advertisement Manager,
Financial Times, 10, Cannon Street, EC4P 4BY.

LABOUR NEWS

Daily Star print union row threatens Express group

BY PAULINE CLARK, LABOUR STAFF

NATIONAL Graphical Association members working for Express Newspapers in Manchester are to visit national union leaders today to try to persuade the union not to take any action over the launching of the group's new newspaper, the Daily Star, next Wednesday.

The union's Manchester chapel (office branch) and branch officials fear that action could be taken against their group's other papers as a result of serious union discord over an agreement they reached with management on new jobs created by the Daily Star.

They have been threatened with disciplinary action already and, according to Mr. Paul Salts, branch secretary, are anxious to avoid any possible retaliation against Mr. Victor Matthews and the Express Newspapers group as a whole.

Attempt

Mr. Salts said yesterday that action in London would not threaten the Daily Star itself because all production was based in Manchester. But there could be an attempt to stop editorial matter reaching the Daily Express in Manchester from London which could reduce the size of Manchester editions.

Agreement was reached in Manchester to create 65 new permanent jobs for local NGA members subject to review and re-negotiation after 12 weeks.

However, in spite of a recommendation that this should be accepted from Mr. Joe Wade, general secretary, and Mr. Les Dixon, general president, the union's national council refused to endorse it.

Governors say prison system may face 'total breakdown'

BY OUR LABOUR STAFF

PRISON GOVERNORS in the Society of Civil and Public Servants have warned Mr. Merlyn Rees, Home Secretary, that prisons might face "total breakdown" unless industrial relations matters in the prison service are resolved.

The Prison and Borstal Governors' Branch of the Society wrote to Mr. Rees after a threat of national industrial action by prison officers next Saturday.

The prison officers are demanding a public inquiry into the structure of the service, negotiating machinery, industrial relations training and other questions. They are unhappy about their lack of independence from the Home Office, which is responsible for their pay and conditions.

Prison governors, in their letter, spelt out the increasing strains on the prison service resulting from over-crowding, prisoner unrest and staff discontent. They attacked the Home Office for inaction.

"A total breakdown is imminent in the prison system," the letter says. It adds that if prison officers withdraw their labour for any length of time, the governors cannot guarantee safe custody of prisoners or the provision of minimum essentials to them.

In the light of a "deplorable lack of leadership" from the Home Office, the governors offered proposals for a review of the service, including an examination of whether the Prison Department should be separate from the Home Office.

Mr. John Ryman, Labour MP for Blyth, called on the Prime Minister yesterday to intervene in the dispute "as a matter of the utmost urgency." In a letter to Mr. Callaghan, he accused Mr. Rees of being incapable of understanding the problems until "a serious crisis is staring him in the face."

Mr. Ryman plans to raise the issue as an emergency matter in the House of Commons this week.

He told the Prime Minister that the position in the prison service was about to disrupt efficient administration of the courts.

He went on: "Prisoners, especially those dangerous prisoners serving long sentences for serious offences of violence, will be quick to exploit a breakdown in morale and discipline of prison officers, and the consequential effect on the breakdown of security is obviously going to be enormous and far-reaching."

Government asked to be wary over EMS plans

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT will be asked by Labour MPs and TUC leaders today to proceed very warily on the question of Britain's joining the proposed European Monetary System.

A meeting of the TUC-Labour Party liaison committee, which includes Government Ministers, is expected to spend some time on the issue—which has already evoked outright hostility from anti-Marketeers and unease among other Labour and union leaders.

The committee will also consider a list of subjects for future discussion. Its agenda ran out two months ago because it was widely supposed that the Prime Minister would call a general election.

A new element in the EMS debate today will be a paper from the TUC recently approved by its economic committee. This does not put forward objections in principle to the EMS, despite the distrust of all EEC institutions felt by most trade union leaders.

Instead, it dwells at length on the importance of getting the right terms for the UK. It says that the allocation of resources within the EEC is a principal consideration and that the Prime Minister should not accept terms that further disadvantage the Community's poorer regions.

One of the beliefs underlying the TUC's submission is that Britain has not yet got from the EEC the value she deserves because of her high budgetary contribution.

The TUC says that the Government must be left room to attack domestic problems. For instance, it must have freedom to introduce employment subsidies, to intervene in industry, and to alter the distribution of income between its own regions.

The TUC appears to want to find a satisfactory place for the UK in Europe, and to be trying to avoid the charge that it is a "bad European."

Gun strikers return to work

SEVEN HUNDRED strikers who halted production of guns at the Royal Ordnance factory in Nottingham return to work today after a two-week dispute.

The men, members of the engineers' union, went out after colleagues were disciplined for refusing to handle some low-rate piece-work jobs.

Bus men back

BUSES ARE running again in Norwich after 150 maintenance men and cleaners, on strike for four days over a bonus scheme, accepted a new offer on Saturday.

APPOINTMENTS

Roland Smith joins Readicut

Professor Roland Smith has joined the Board of READICUT INTERNATIONAL as a non-executive director. Professor Smith is Carrington Viyella Professor of Marketing at Manchester University. He is chairman of the Senior Engineering Group and a non-executive director of several other companies.

★

Mr. S. V. Finn has been appointed secretary of UK PROVIDENT on the retirement of Mr. R. W. Hallett. Mr. D. T. Flint has been made deputy general manager (agency and marketing), Mr. J. J. Gunning, deputy general manager (investment) and Mr. R. J. Higgins, deputy general manager (administration).

★

Mr. Ari C. Zaphiriou-Zarifi has been appointed managing director and Mr. Martin H. Young a director of the HERITABLE and GENERAL INVESTMENT BANK.

★

Mr. Hugh Gemmell has assumed the responsibilities of managing director of BLAND PAYNE (UK) following the resignation of Mr. N. P. Samuelson.

★

Mr. Dennis A. Jackson has been appointed managing director of M. and J. ENGINEERS.

★

Mr. Richard Hoy has been appointed to the Board of LLOYDS INDUSTRIES as sales director. The company is a subsidary of HOLT Lloyd International.

★

Mr. Eric Bolam has been appointed managing director of PETER STUBS, a subsidiary company of the James Neill Group, of which he has been a senior production executive since 1968.

★

Following the acquisition of GRAEMROSS PLANT & EQUIPMENT by the Staffordshire Public Works Company, a member of the William Boulton Group, the resignation is announced of Mr. L. A. W. Noble and Mr. B. J. Bird from the Board, and the appointment of Mr. R. L. Clarke as chairman and managing director. Mr. S. Grahame-Ross retires as chairman and managing director, but remains a member of the Board.

★

Mr. Malcolm Williamson, formerly a general managers' assistant at the head office of BARCLAYS BANK, has been appointed a local director of the bank's London Northern District.

★

Mr. Peter N. G. Brewles, chief executive of the aviation division of Alexander Howden Insurance Brokers, has also been appointed to the Board of SOUTHEASTERN AVIATION UNDERWRITERS INC., a subsidiary of Alexander Howden Group.

★

Oxley Printing Group Limited has appointed Mr. Gordon Beckworth as sales director of MORRISON and GIBB, Edinburgh.

★

WHIPPENDELL ELECTRICAL MANUFACTURING COMPANY (WATFORD) make the following appointments to the Board with effect from January 1, 1979: Mr. S. H. Warford as director and general manager and Mr. B. R. Human as sales director.

★

Mr. Michael C Anderson has been appointed managing director of LIN PAC PLASTICS (UK). He was formerly the company's sales and marketing director. A further appointment is that of Mr. Peter O'Shea as production director of the company.

★

Following the election of Earl Grey as president of the ASSOCIATION OF COST AND EXECUTIVE ACCOUNTANTS, the executive council of the Association has been re-organised as follows: Major Ronald G H. Savory, has been elected vice-president and Mr. Gerald Andrews, becomes chairman. Mr Raymond S. Tindle has been re-elected deputy chairman. He will continue to chair the technical and advisory services committee of the Association. Mr Leslie C. Ricketts has been re-elected honorary treasurer of the Association. The Association has moved its head office to Talisman House, 330 Holloway Road, London.

★

Mr. Charles Barrington has joined McILWRAITH McEACHARN as executive director of its London branch. The activities of this branch will be extended to cover the requirements of the Bulkships Shipping Group, for which MM will be acting as London agent.

★

Mr. D. E. Raley becomes assistant general manager (UK) of GENERAL ACCIDENT FIRE AND LIFE ASSURANCE from November 1. He was formerly London manager. Mr. K. G. Brookes, city manager, succeeds Mr. Raley as London area manager.

★

Mr. G. W. Bone has been appointed a member of the HEALTH AND SAFETY COMMISSION. He succeeds Mr. E. M. Jukes, QC.

★

Sir George MacFarlane has been appointed to the board of Trustees of the IMPERIAL WAR MUSEUM for five years. He succeeds Dr. Margaret Weston, director of the Science Museum, who has served as a trustee since 1974.

★

New board appointments by the STOCKPORT MERSEY BUILDING SOCIETY are: secretary, Mr. Anthony Roberts, who now becomes a full board member and two newcomers to the society, Mr. James D. Hemsley, a senior partner of Walls Johnson and Co., solicitors, and Mr. Anthony H. Bennet, who earlier this year was appointed managing director of John Needham and Sons, Stockport.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HANDLING

Simplifies weighing of truck loads

AN ELECTRONIC weighing system that identifies lift trucks by their tare weights and registers only the load carried on the forks has been developed by W and T Avery and installed at Chiswell Wire Company, Watford.

The truck driver takes his vehicle straight on to a platform equipped with load cells and connected to electronics which have memory circuits to store the tare weights of three specific trucks and their drivers. The weights are taken at the start of each shift and entered using thumbwheel switches. The driver identifies his truck to the system by turning his own identification key on arrival.

On weighing, the keyed-in tare weight is subtracted from the gross weight measured by the load cells, a digital display showing the net weight only.

These weight readings can be used to invoice customers, which is not possible with truck-mounted weighing devices which are neither consistent nor accurate enough to qualify for official purposes.

More from the company at Smethwick, Warley, West Midlands, B66 2LP (021 558 1112).

● PLASTICS

More big bottles

ALTHOUGH it has long claimed to be the market leader (capturing 80 per cent of UK demand) with its Compact range of 5 litre plastic containers, Plysu is now going into high output production of 10-litre polyethylene bottles.

The company has just ordered from the U.S. a fully automated Uniloy blow-moulding system which will enable it to double its production capacity for these containers.

It would seem that the growth in demand for the 10-litre container is primarily due to the manufacturers of motor oils who have looked beyond the tinplate container (costing around 35p) to a cheaper alternative (the company can produce a plastic version at about 18p), which also looks good on presentation.

Two further Uniloy systems, scheduled for delivery in early 1979, have also been ordered by the company, so that it can keep pace with the anticipated growth in demands for its standard 5-litre range.

More from the company at Woburn Sands, near Milton Keynes, Bucks. MK17 8SE.

● PROCESSING

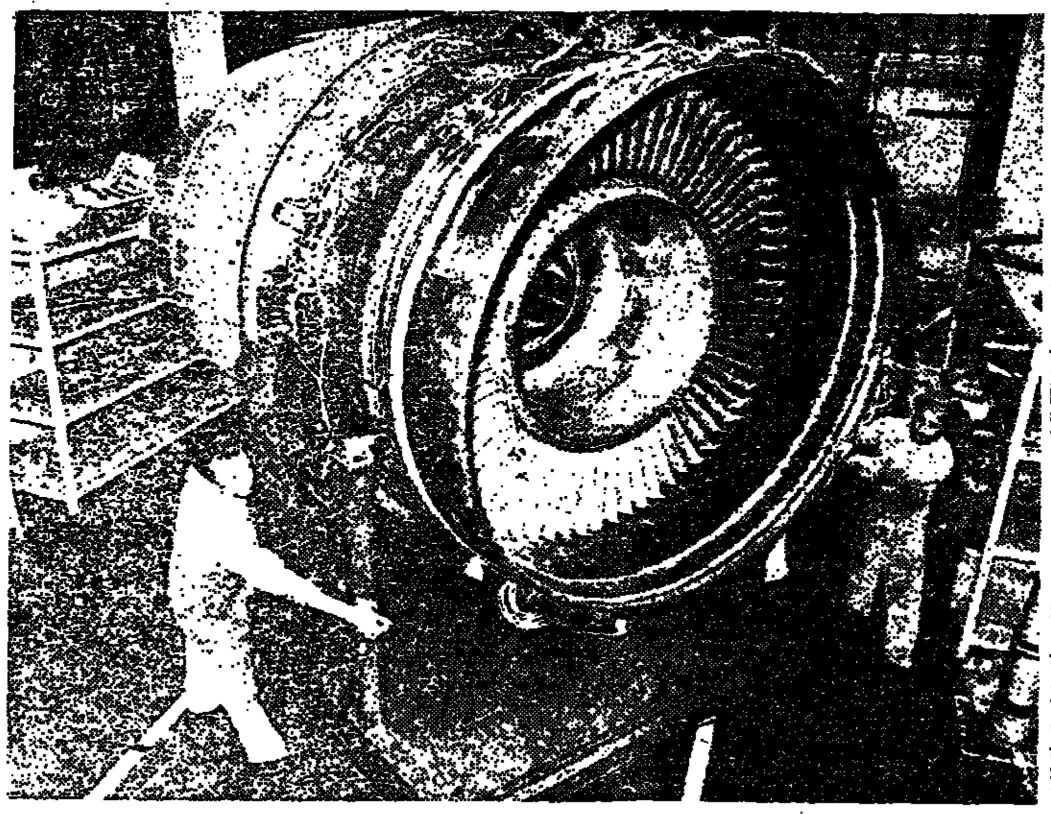
Recovery of solvents

APART FROM satisfying environmental controls, the recycling of used solvents can also prove a profitable business for industry, says Drostholm Products A/S, DK-2950 Vedbaek, Denmark.

It has recently developed two solvent cleaners which operate on the distillation process and allow recovery of 30 to 50 litres of solvents per hour. These installations are made of stainless steel, PVC and nylon-coated steel, and work continuously without constant supervision. Power consumption of each type is 5 kilowatts and, according to the manufacturer, there is no danger of explosion.

The company has calculated that a manufacturing plant with a weekly consumption of about 200 litres of solvent (say, the contents of a steel drum) will recover its investments costs within a year, while plants with a daily consumption of about 200 litres will pay off costs within three months.

The solvent cleaners are said to be so efficient that 200 litres of dirty solvent will yield 190 litres for re-use.



BRITISH Airways has overcome the problem of moving large jet engines at its Heathrow, London, engine bay by using specially designed trolleys, each fitted with hoverpads developed and supplied by British Hovercraft Corporation at Cowes, Isle of Wight. As with many industrial heavy loads, handling the bulk and weight of RB 211 jet engines within a confined factory space can be a problem. Weighing over 6 tons and easily damaged once removed from a 747 Jumbo they present special handling difficulties within the confines of an engine servicing shop.

● OFFICE EQUIPMENT

Keeps track of all the files

MANY organisations — local/central government departments and insurance companies for example—still have the need to maintain a central registry of files and to ease the problems of issuing, locating and generally keeping track of each folder. Cole Electronics has introduced an electronic system made by TAB Products of California.

Instead of keeping paper records about the location of each file the necessary information is entered and accessed using a key-to-disc system.

If a file is requested by someone, the operator keys in a title or number and the location appears on the screen; she then keys in the location to which the file is to be sent and a small printer produces a docket that is placed in the sleeve of the file holder when the file is removed for dispatch. Should the file already be out of the central registry a "reserve" docket is printed.

The operator can print dockets at the time the file is requested, or store them until the central station buffer store has 24 such requests, when the dockets will be printed out automatically.

An important advantage is that the file area is entered only to retrieve documents that are actually there—unnecessary trips to the files are eliminated.

For large organisations remote terminals can be provided: the user simply keys in the request to the central processor to learn the status of the file on his single line display screen. In such cases the time to obtain a document is typically divided by two or three.

Lower limit for economic use of the system, which costs about £8,000, is approximately 3,000 files.

More about the equipment, which is called System 7000, from Cole Electronics at 105, Lansdowne Road, Croydon, Surrey CR0 2BN (01-680 8507).

Low cost terminals

INTENDED FOR connection, locally or remotely, to ICL's 2900, 2903, System 4 and the 1900 series of computers is the 7501 intelligent terminal which in its simpler form with one video screen and 20k bytes of store costs under £4,000.

Distributed processing can therefore be instituted at a modest cost in offices, stores, warehouses and other places of work where they may be needed, allowing users to insert data into the computer system where and when it arises, or to interrogate at will the computer-held files.

A more powerful version (model 15) has similar specification to Model 10 but employs a pair of dual floppy disc units each with a local on-line capacity of 0.5m bytes—allowing the terminal to be used in a stand alone mode.

Both new models are fully compatible with the more powerful existing 7502 terminals of which over 4,000 are now in use throughout the world. They use the comprehensive 7500 range terminal software which is already developed and proven.

Terminal executive software provides the basic control, with full screen formatting and operator prompts, and it can be teleloaded over the transmission link at any time to suit the user.

In the more powerful model 15 a terminal programming language is available which can provide data validation and error correction, local file look-up and full arithmetic abilities.

First orders have already been placed by Northern Rock Building Society—for 14 terminals to work with a 2908 mainframe.

ICL is at Putney, London SW15 1SW (01-788 7272).

● CONFERENCES

Discussing economics

BECAUSE governments and industry throughout the world are increasingly concerned with declining resources in a time of increasing costs, it is suggested that representatives from the aerospace, defence, electronics and government departments, etc., should liaise with a view to finding solutions to this international problem.

So, a Third Joint European/U.S. International Design Economics Conference is to be held in London, December 7-8, at the Royal Garden Hotel, where experts from Government and industry are to discuss solutions to the problem of need versus cost and its impact on design. Speakers will be from the U.S., UK, Germany and France and the programme will focus on the latest techniques for tackling the struggle between cost and need.

Those wishing to register for the conference, or have further information should contact: AIAA International Design Economics Conference, C/o State of the Art, Victoria House, Suite 501, Southampton Row, London, W.C.1 (01-242 4045).

● ACCOUNTING

Makes the audit easy

SOFTWARE developed by Burroughs for use on most of the company's computers will allow management and auditors, with a minimum amount of computer knowledge, to generate their own reports from any terminal linked to the mainframe, whatever its location.

Called On-Line Reporter, the software makes use of uncomplicated English-like instructions to define the data requests from the keyboard. The user can then selectively access files, stratify and sample from them, accumulate totals and other statistics, create data files for subsequent processing and evaluation, and print the desired report.

The software is a development of Audit Reporter introduced some 18 months ago and, since it is now available on line will greatly reduce the task of auditing financial records as well as providing managers with a powerful tool to aid management control.

Using the system the auditor can generate associations of data in the database, sample data files and bring together data of a particular kind. Burroughs is at Heathrow House, Bath Road, Cranford, Hounslow, Middlesex.

● COMMUNICATIONS

Radio aid to survival

SIGNALS PUT out by a new survival radio transmitter made by Electronics Marine Group of Hull can be picked up on the international distress frequencies (121.5 and 243 MHz) at ranges up to 200 miles.

Called Locat, the beacon was designed by EMG in co-operation with the Ministry of Defence, and is now to be made available on the commercial market. Original prototypes were carried by Great Britain II in the 1975 Clipper Race to Australia and by Robin Knox-Johnson and his crew aboard the yacht Heath's Condor in the 1977 Whitbread Race.

Entirely self-contained in a tough fluorescent plastics case, the unit is powered by a 13-volt high-energy lithium battery and weighs 330 gms. The company claims that it has a shelf life of up to 10 years without any service requirement.

The transmitter is buoyant and will withstand immersion up to 50 metres. It will function in air temperatures from −20 to +60 degrees C and at a nominal ambient of 20 degrees C has a transmitting endurance of 36 hours. Operation is by removal of a pin and a ring-pull.

More from the company at Wm. Wright Dock, Hull HU3 4PG (0482 25163).

● ELECTRONICS

Drill pipe assembly

A TRANSDUCER and indicator available from Corrosion International in Bergen is able to provide accurate torque control in the make up of drill pipe and collars in oil well drilling.

The solid-state torque transducer is mounted on the pipe handling equipment by a bracket and is connected to the electronics box by a cable contained in a heavy duty waterproof conduit; readings appear on a moving coil meter calibrated to 75,000 ft lb.

An alarm device in the box can be pre-set to any desired torque level, enabling the driller to keep track of the torque applied without diverting his attention from the job.

More from Mr. Thomas Thomassen, Corrosion International A/S, P.O. Box 1733, Bergen, Norway.

● INSTRUMENTS

Picks up loud sounds

AVAILABLE FROM Endevco is a miniature piezoresistive microphone designed specifically for measuring high intensity sounds over a wide dynamic range and a wide frequency spectrum.

Model 8530M1 was developed to satisfy the stringent test requirements during flight testing of jet aircraft, and for acoustic measurements on rocket engines.

The microphone is sensitive from 100 to 190 dB and responds from DC throughout the normal audio range, with high level output. The device is only 0.17 inch in diameter, 0.37 inches long.

More from the company at Melbourn, Royston, Herts SG8 6AQ (Royston 61311).

هكذا من الأصل

uilding and Civil Engineering

17m London office block

CONTRACT for new quarters for the Inter-rnmental Maritime Con-ative Organisation (IMCO) be built on the Albert ankment in London has awarded to Kyle Stewart The Department of the ronment, Property Services ey. It will cost £17m and is just starting rdered by Lambeth High t to the east and the London Brigade Headquarters to south, the premises will rise a four-storey-high al spine block running lel with the river and a ed seven-storey-high rear block to Lambeth High Street.

A two-storey-high conference hall accommodating 550 people is planned to the east of the site. The basement is planned for 70 cars and various plant rooms.

The front section of the building, the lower floors of the main spine block and conference hall will be steel-framed with in situ and precast concrete floors. The upper floors of the main spine block and the seven-storey rear block will be in in situ concrete. The four-storey facilities block is to be founded partly on existing mass concrete pad foundations and partly on a raft. The conference hall will be founded partly on piles and partly on the main building raft.

Access for vehicles is to be from Albert Embankment and delegates will alight from their cars under cover. Vehicles leaving the basement car park will have an exit to Lambeth High Street.

Internal finishes to the ground floor entrance and first level will include granite paving, travertine wall linings and anodised aluminium. The external finishes will be of tile-faced precast concrete units, in situ tiling and bronze metal cladding.

There is to be a landscaped terrace at the fourth level with access from both the recreation rooms and restaurant providing views over the Thames towards The Palace of Westminster. The conference hall roof, which will be overlooked by many of the offices, is to be tiered and landscaped.

Professional partnerships involved in the scheme are Marriott Worby and Robinson (executive architects); John S. Bonnington Partnership (consultant architects); Gardiner and Theobald (quantity surveyors); and Oscar Faber and Partners (consulting engineers).

THE new 125 metres long prestressed concrete Runnymede Bridge over the River Thames takes shape. When completed, it will carry the southbound lanes of the A30 trunk road and M25 London orbital motorway, parallel and adjacent to the existing bridge which will carry the northbound lanes. Ove Arup and Partners are supervising construction and the main contractor is Fairclough Civil Engineering.

aterson Candy Holst cures £7m water job

WEST SUSSEX Water and age division of the hern Water Authority has de a contract for over £7m aterson Candy Holst, the ly owned specialist water ment company of the ls Group and Norwest t.

Work comprises the design supply of the complete water ment works at Hardham, borough, West Sussex.

e plant will initially pro- 7½m gallons a day of treated water. Provision will be made for second and third stages of development to increase the capacity to 15m gallons a day and, with the installation of additional plant, an ultimate capacity of 30m.

Civil and plant design work on the 42-month contract is already under way and preliminary site work is due to start in December with the intention to start the associated civil construction work early in the New Year.

5.2m mixed bag for Boot

LUDED IN contracts worth £6.2m awarded to Henry Construction is extensive for the British Steel Corporation, road and bridge construction in Milton Keynes and ingham, and a factory conion in Altrincham.

e largest of the British Steel is worth £2.5m and is for ding and civil engineering ks at the Templeborough tric melting shop at Rother-. The company says that the ly programmed contract here olves work in connection with main column base, plant ndations, scale pit and flume water treatment plant, these ing for more than 15,000 re metres of reinforced ctural concrete and 700 in situ ed piles.

dditional facilities are to be structed at the Corporation's nsworth cold rolling department under a contract worth r £300,000. Included in the week job are heavy foundations and substantial furnace ensions.

Redpath Dorman Long (Contracting) has awarded a £330,000 ntract for extension to BSC's or strip production unit at ksbridge. Work here should 71 weeks and involves ex-ding the existing steel strip artment and the construction plant foundations, an amenities building, retaining walls, roadworks and drainage.

The Milton Keynes Development Corporation's award for £1.7m covers its road and bridge construction project and calls for a multi-span reinforced concrete bridge together with about 240 metres of dual carriageway, 860 metres of single carriageway and some 300 car parking spaces. In addition will be ancillary structures, pedestrian paving and earthworks. This is programmed for completion in 50 weeks.

Work has started on a £950,000 contract for the construction of the Lady Bay Bridge section of the Nottingham Outer Loop Road. This job calls for the construction of .9 kilometres of single carriageway to link the B686 with the A52, using the old LMR railway bridge to cross the River Trent. Work includes regrading the disused railway bridge and considerable excavation and backfilling of a section of the disused Grantham Canal.

Two adjoining open-plan warehouses will be converted into one single unit at Broadheath, Altrincham, under a £440,000 contract awarded by the Budenberg Gauge Company. This work involves general demolition and alterations, new foundations and work zones, insulation, new finishes throughout and installation of heating and ventilation, water and electrical services.

Sharing pipeline contract

A SUB-CONTRACT, valued at about £3m has been awarded to William Press and Son, which will be responsible for the mechanical and electrical works, together with a section of the land pipeline, designed to connect the Gulf Oil refinery on the north side of Milford Haven with the catalytic cracking unit on the south side. This is currently under construction for the Pembroke Cracking Company, a partnership of Texaco and Gulf Oil (Great Britain).

The company's involvement entails the construction of metering stations, valve chambers, pigging facilities, telemetry and instrumentation system, and the laying of a section of land lines.

The latter includes a 12 inch diameter fully insulated pipeline to carry vacuum gas oil at a temperature of 60 degrees C from the refinery to the catalytic cracking unit. Four 8-inch lines will also be laid in this section for the return of low naptha, high naptha, alkylates and mixed cycle gas products.

Sperry spend £2½m

MAIN CONTRACTOR for the construction of a new £2.5m headquarters office block for Sperry Gyroscope at Bracknell, Berkshire, is Turriff Construction whose completed work will be known as "E" Building and form the main entrance for visitors to the Sperry complex.

The building, which will be fully air-conditioned and double-glazed throughout with solar glass to counter the greenhouse effects in hot weather has been designed by Michael Twigg Brown and Partners. Most of the heating in the winter months will be achieved by lighting and heat conservation techniques.

There will also be a new vehicular access to and from the Wokingham Road plus additional car parking space in Skimped Hill Lane.

Work has already started on site and should be completed in 12 months.

French Kier gets £1.6m worth

CONTRACTS WORTH £1.6m together have been awarded to two companies in the French Kier Group, the largest being £1.2m from the Property Services Agency for work at the Barking Skillcentre, Thames Road, Barking. This includes a new administration block, boiler house and clocking-in station, to be undertaken by Kier.

This company has also received a contract valued at £250,000 for civil works on the Tilbury dock flood defence gate at Tilbury Docks. Work includes piling, which is to be carried out using 508 mm internal diameter BSP piles. Sheet piling and reinforced pile caps, beams and foundations are being used to build the access gate in the flood defence wall.

The Southern Water Authority (Kent River and Water division) has awarded a contract worth £219,995 to French Kier Construction for sea defences at Sheppey. This calls for the driving of steel sheet piles and associated works at the north end of Warden Bay.

Plymouth hospital work

HIGGS and Hill Building has been awarded a £1.4m contract for the construction of residential accommodation at Derriford Hospital, Plymouth. Work has begun and is due for completion by March 1980.

The residential block project is the third Derriford contract to be awarded to Higgs and Hill by the South Western Regional Health Authority. The company is due to complete the £14m phase one of the hospital in 1979.

When completed, phase one of the hospital will accommodate 350 beds with all the necessary specialist departmental support, including operating theatres, an intensive care unit, X-ray facilities and an accident and emergency centre. Office accommodation and fully equipped kitchens and a dining room will also be provided.

Wimpey in Cleveland

TWO CONTRACTS, together worth £1.7m, have been won by George Wimpey for work at Wilton, Cleveland, for ICI Petrochemicals, and in Swinton for Salford Council.

A laboratory of solid frame construction with brick and metal clad walls and a metal clad roof comprises the £1.3m work at Wilton, plus storage areas and associated buildings.

A housing modernisation contract, worth £367,000, at Swinton, involves the refurbishing of 86 council homes. Work covers extensive renewal of the fabric, installation of central heating, new kitchens, rewiring and renewal of services.

Busy in South-east

THROUGH ITS operating company, Hunting Gate Developments, the Hunting Gate group is to develop retail office, factory and warehouse facilities in the south east of England for several major companies.

The company has pre-let a £1¾m, 34,500 sq ft supermarket with associated facilities and offices in phase 1 of the town centre's development plan to J. Sainsbury.

At Southend-on-Sea, it will develop what it says is the largest purpose-built DIY retail warehouse in the country for Texas Homecare. The 50,000 sq ft building, close to the town centre shopping facilities, has a value in excess of £1.3m.

Earlier in the month the company had the go-ahead for a speculative light industrial/warehouse scheme in the London Borough of Croydon. Units total some 54,000 square feet and follow similar schemes by the company at Aldershot and Hertford. Value of the development, at Kenley, is in excess of £1.2m.

Coal Board job for Mears

WORK AT the Riccall and Stillingfleet shaft sites in Yorkshire of the National Coal Board is to be carried out, before the mines become operational, under a £1.2m contract awarded to Mears Construction.

Within the six month period of the contract, the company is to undertake site clearance and levelling as well as the construction of the site roads and temporary car parks.

In addition, the construction of a stockyard up to sub-base level is to be done together with drainage and sewage disposal facilities.

£2½m awards in South

INCLUDED IN contracts totalling over £2½m awarded to Norwest Holst Southern, is one for £1¾m awarded by the Southern Electricity Board for a three-storey reinforced concrete framed, fully air-conditioned office block, with brickwork cladding and adjoining car parks at Daisy Meadow, Vicarage Lane, Egham, Surrey.

Another contract (£330,672) awarded by Vosper Thornycroft is for building modifications and other work in Southampton.

The Property Services Agency of the Department of the Environment has awarded a contract of £192,103 for an extension to the automatic telephone exchange ATE building in Gorleston, Norfolk.

Work consisting of the erection of ten two-person flats and eight four-person houses in the Borough of Haringey comprises a contract for £270,000. The timber framed residences will have concrete footings, ground bearing concrete floors, brickclad walls, dry lined internally, and timber roof trusses with concrete tiles.

Water in Egypt

BRITISH consulting engineers are to help the Government of Egypt study the feasibility of providing water supplies in provincial areas of the country.

A consortium has been set up to undertake the work and will be a joint venture by Binnie and Partners, Coopers Lybrand Associates and Dr. Ahmed Abdel-Warith, Cairo consulting engineers.

The 14-month study will exclude Cairo, Alexandria and the Canal cities. A team of 35 engineers will be engaged on the project.

Sunley at home and away

CONTRACTS totalling £1.3m have been won by Bernard Sunley and Sons for work in the UK which includes: a £217,000 restaurant at Windsor Safari Park; £100,000 factory in Bedford for Zodiac Toys; extensions and alterations at Edgware for Bankers' Automated Clearing Services, value £300,000; and refurbishment at 100 Leadenhall Street for Bank of Credit and Commerce International, value £260,000.

Lowest tenders have been submitted for dwellings at Whitworth Road, London SE25, for Shaftesbury Society Housing Association, value £240,000, and flats at Coventry for the Royal British Legion Housing Association, value £234,000.

The company has won a design and build contract for a dairy plant in Jebel Ali, Dubai. The single storey steel framed structure will have concrete blockwork external walls with double skin insulated troughed aluminium roofing.

ining a tunnel

E JOB of lining a quarter of illion tons of concrete along whole length of the 17.2 s long Kielder tunnel (being to transfer water from the der Reservoir, from the r Tyne to Wear and Tees) start in February next year.

his work is part of the £19.2m ract awarded in 1974 to e Tees Tunnelling for con-ction of the tunnel.

e last of three Italian made utters" which are an essen-part of the concreting pro-. have now arrived on site at Frosterley in Weardale and Eggleston in Teesdale.

Each is over 150 feet long and will form a tube to support the concrete which will line the entire surface of the tunnel. When the concrete has hardened, after 24 hours, the shutters are removed and placed on the next section of the tunnel in readiness for further concreting.

The Northumbrian Water Authority says that concreting will begin on the 9-mile long Wear to Tees tunnel where tunnel driving will be completed by the end of November.

5m housing r Cubitts

BITTS, a member of the Tarmac Group, has been awarded housing contract worth £4.3m the London Borough of aden.

e 254 homes called for will the second and final stage e Maiden Lane development, mixture of flats, maisonettes houses providing accommo-on in one, two and four on units including homes the elderly. Consulting neers are Ove Arup and ners.

nder another contract, valued £1.3m Cubitts is to improve repair for the London ough of Haringey 100 houses he Noel Park Estate, Wood en.

Devon, Cubitts is to build terraced houses for the ough of Torquay at Paignton. £500,000 scheme includes level four bedroom houses and is due for completion by late 1980.

At Eston, Cleveland, the company has started work on a £1.8m contract to build homes for up to 584 people for the Borough of Langbaurgh. This comprises 81 houses, 22 bungalows, 52 flats in two-storey blocks, and an old people's meeting hall.

The new homes and hall are at Bankfields Road, a few minutes' walk from another housing development also being built by the company under a £1.9m contract recently awarded by the same borough.

The engineering division of the company announces that the £40m-worth of work for the British Steel Corporation's new iron-making complex at Redcar, Cleveland, has now been completed.

It began work here in June, 1973, following the award of the multi-million-pound contract for the first phase of the work which involved the construction of foundations for material handling plants, sinter and pellet-making plants, together with roads, services and the construction of 68 associated ancillary buildings.

lore work r Laing

NEW computer installation additional office space at the dquarters of the Leicester lding Society will be housed a three-storey block to be t under a contract worth rly £2.7m awarded to the land region of John Laing struction.

o be constructed at Glen d in Oadby, Leicester, on a next to the Society's existing head office, the building will of reinforced concrete frame pad foundations, clad in pre-concrete panels, tile faced the upper storey, with brick rcase enclosure and a flat halt roof providing an in-al floor area of 5,250 sq res.

will be connected to the sting building on all three ls by a steel framed glass l corridor link with brick toilet blocks, lift and stair er. Work has already started

Willment wins Home Office job

EXTENSIVE construction work, as well as demolition, at the Young Offenders Complex, Feltham, Middlesex, is to be undertaken by Willment Bros under a £3.8m contract awarded by the Home Office.

Work here comprises the erection of nine houses, administration building and substation as well as landscaping, various external works and the demolition of existing buildings.

During the past two years, the company has already carried out two separate contracts here, together worth £2m. The largest of these involving construction of a boiler house and laundry, will be completed next month.

CONTRACTS AND TENDERS

VODOVOD DUBROVNIK

Poduzece za izgradnju i odrzavanje vodovoda i kanalizacije Dubrovnik u Dubrovniku

Invites Tenderers for Construction of Central control building

Which construction represents the fifth stage of reconstruction of the Dubrovnik Water Supply and Sewerage Network:

Subject of the Tender are the works specified by the Schedules of Prices:

"A"—Schedule of Prices contained in Volume No. 2 Tender Documents—Civil engineering works for central control building.

"B"—Schedule of Prices contained in Volume No. 3 of the same Documents—for supply and installation of Electrical equipment for central control building.

which are shown and described in the drawings and textural part of Tender Documents and in Technical Specification of the Tender. Tenderer may submit bids for parts "A" or "B" or both.

Preference shall be given to Tenderers bidding for the two parts provided other conditions being equal.

Works comprised in Schedule of Prices "B" may be tendered as subcontracted works, in such case the name(s) and main data on Manufacturer(s) and Subcontractor(s) shall be stated in the Offer.

"Vodovod Dubrovnik" has obtained a loan from the International Bank for Reconstruction and Development and some proceeds of this loan will be used to cover part of above works.

Tender Documents may be purchased and offers submitted by Yugoslav companies as well as suppliers and contractors registered in countries which are members of the International Bank for Reconstruction and Development and Switzerland, who are experienced in the execution of similar projects.

Tender Documents may be obtained from the office of VODOVOD DUBROVNIK.

Enterprise for Construction and Maintenance of the Dubrovnik Water Supply and Sewerage Network,
Vladimira Nazora Sr. 21,
Dubrovnik, Yugoslavia,

from October 6, 1978, for a price of Din 15.000 per complete.

Offer shall be submitted by December 15, 1978, till 12.00 hrs. local time at the same place.

ROYAUME DU MAROC

MINISTERE DU COMMERCE ET DE L'INDUSTRIE

DIRECTION DE L'INDUSTRIE

INTERNATIONAL INVITATION FOR PRE-SELECTION

The Sucrerie Nationale de Cannes du Sebou (SUNACAS) 29, avenue d'Alger—Rabat—Morocco, is planning to undertake the construction of a Sugar Refinery in "Gharb" (province of Kenitra).

Interested contractors in this field of activity are invited to submit to SUNACAS, before November 15, 1978, technical and financial references together with their qualifications for the realisation of the work mentioned above in the past ten years.

GRUDA EXPORT-IMPORT LJUBLJANA IN THE NAME OF THE INVESTOR SLOVIN TOZD VITAL MESTINJE ANNOUNCE HEREWITH:

Prolongation of the term of tenders for supply and installation of equipment for fruit processing/invitation published in the official gazette of SFRJ No. 50, Sept. 15, 1978 and Financial Times, Sept. 18, 1978/:

The new term for presentation of tenders is December 4, 1978 till 8 hours.

LEMBAGA LETRIK NEGARA TANAH MELAYU
NATIONAL ELECTRICITY BOARD OF THE STATES OF MALAYA
BERSIA AND KENERING HYDRO-ELECTRIC PROJECT
HYDRAULIC, MECHANICAL & ELECTRICAL EQUIPMENT

Tenders are invited from Manufacturers for the following:

Contract No. 5734/12—PENSTOCK LINERS

This contract comprises the supply, delivery and erection of the following packages:

Package A: BERSIA

1. Three (3) 18 feet diameter welded steel plate penstock liners, approximately 95 feet long, normal transient head of 156 feet.

Package A: KENERING

1. Three (3) 19 feet diameter welded steel plate penstock liners, approximately 112 feet long, normal transient head of 178.5 feet.

Last date for Receipt of Application	15 Nov. 1978
Document Issue.	About 1 Jan. 1979
Tender Due	About 1 Apr. 1979

Contract No. 5734/13—INTAKE AND SPILLWAY EQUIPMENT

This contract comprises the supply, delivery and supervision of erection of the following packages.

Package A: BERSIA

1. Three (3) fixed wheel hydraulic vertical lift head gates (approx. size 15 feet wide x 21 feet high) head 50 feet.
2. One (1) service gate and lifting beam
3. Six (6) sets trashracks
4. One (1) 50 tonne (approx.) capacity gantry crane (crane to handle head gates, service gate, trashracks and spillway stoplogs).
5. Three (3) spillway radial gates (approx. size 40 feet wide x 46 feet high) with hoists.
6. One (1) set stoplogs and lifting beam
7. Embedded parts for all the above installation.

Package A: KENERING

1. Three (3) fixed wheel hydraulic head gates (approx. size 14 feet wide x 27 feet high) head 60 feet
2. One (1) service gate and lifting beam
3. Six (6) sets trashracks.
4. One (1) 50 tonne (approx.) capacity gantry crane (crane to handle head gates, service gate, trashracks and spillway stoplogs).
5. Six (6) spillway radial gates (approx. size 40 feet wide x 46 feet high) with hoists.
6. One (1) set stoplogs and lifting beam.
7. Embedded parts for all the above installation.

Late Date for Receipt of Application	15 Nov. 1978
Document Issue:	About 1 Dec. 1978
Tender Due:	About 1 Apr. 1979

Contract No. 5734/22—HIGH VOLTAGE SWITCHGEAR

This contract comprises the supply, delivery and erection of the following packages.

Package A: BERSIA

1. Three (3) 300 kV 50 Hz 2000 A, 7500 MVA, 1050 kV B.I.L. minimum oil, air blast or single pressure SF. type circuit breakers.
2. Eleven (11) motor operated 2000 A, 300 kV disconnect switches.
3. Five (5) manually operated earth switches.
4. One (1) set of copper or aluminium bus work.
5. One (1) set of steel structures including line take-off structures on the power station roof.

Package A: KENERING

1. Three (3) 300 kV 50 Hz, 2000 A, 7500 MVA, 1050 kV B.I.L., minimum oil, air blast or single pressure SF6 type circuit breakers
2. Eleven (11) motor operated 2000 A, 300 kV disconnect switches
3. Five (5) manually operated earth switches
4. One (1) set of copper or aluminium bus work.
5. One (1) set of steel structures including line take-off structures on the power station roof.

Late Date for Receipt of Application	15 Dec. 1978
Document Issue.	About 1 Feb. 1979
Tender Due	About 1 Jun. 1979

Tenders will be accepted for each Contract Package separately or both Packages as one Contract.

Tenderers shall be manufacturers or consortia of manufacturers of the items described and should have had previous experience in the design and manufacture of equipment having the characteristics described.

Full details of manufacturer's experience and their technical and financial competence must be forwarded with their application not later than the dates listed for the receipt of applications to:

Project Manager
Bersia and Kenering Hydro-Electric Project
The Shawinigan Engineering Company Limited
620 Dorchester Blvd. West
Montreal, Quebec, Canada H3B 1N8

with copy to

Project Engineer
Bersia and Kenering Hydro-Electric Project
Hydro Electric Division
4th Floor, National Electricity Board
129 Jalan Bangsar
P.O. Box 1003
Kuala Lumpur, MALAYSIA

accompanied by a documentation fee of US$250, international bank draft or money order, payable to LEMBAGA LETRIK NEGARA TANAH MELAYU.

Tender Documents will be issued by:

The Shawinigan Engineering Company Limited, Montreal.

The document fee will be refunded only to applicants not issued the tender documents.

Tenders shall be delivered at the head office of LEMBAGA LETRIK NEGARA TANAH MELAYU, 129 Jalan Bangsar, Kuala Lumpur, Malaysia. The exact date and place for submission of tenders will be specified in the tender documents.

LEMBAGA LETRIK NEGARA is not bound to accept any application or to accept the lowest or any tender.

LEMBAGA LETRIK NEGARA is not liable for costs incurred by tenderers in preparing tenders.

LOMBARD

EMS: All roads lead to Paris

BY SAMUEL BRITTAN

"ANY CLUB which would have me as a member is not worth joining." Groucho Marx's famous remark expresses one's feelings of relief at the growing probability that the UK will after all stay out of the New EEC super-snake, at least to begin with.

There is a powerful case for the right kind of EMS. But we should be very clear that the whole thrust of British qualifications and demands was almost 180 degrees in the wrong direction. *If the U.K. viewpoint* had been accepted the scheme would have been less worth joining rather than more.

The basic case for joining a *monetary union starts with the* Prime Minister's famous words, uttered but only half believed at the 1976 Labour Party conference about our no longer being able to spend ourselves into full employment through deficit finance and monetary expansion. Indeed, if the ultimate effect of injecting more spending power into the economy is mainly to raise prices; and if rapid, unpredictable and fluctuating rates of inflation are themselves one cause of unemployment, weak investment and slow growth, why not steer monetary policy towards the goal of price stability?

There are two ways of doing this. The first is to have monetary targets geared directly to a price level aim. And, as is now well known, independent national monetary targets require a floating exchange rate against the rest of the world. The second method is to make whatever adjustments are required in monetary policy to maintain one's exchange rate against a country likely to be successful in maintaining its own price stability, in practice West Germany.

Threatening

Why go along the indirect route? If the major European countries are in any case aiming at price stability, they *might as* well make the slight adjustments in their monetary targets and exact anti-inflationary aims which would bring about the benefits of exchange rate stability as well. This approach has the important additional advantage that we would cease arguing about whether to control M1, M3, DCE or the square root of the distance between the Bank of England Governor and his economic advisers. In a worthwhile EMS the Germans would be assigned the task of stabilising their own price level—at which they are good when spared stupid advice, and would do so not by intervention in the foreign exchange markets, but by adjusting their internal policies.

Their partners would concentrate on stabilising their currencies against *the Deutsche* Mark. Psychologically too, the need to remain competitive with German industry would be far more comprehensible to Italian, British or French union leaders than the obscurely threatening way in which monetary targets are now presented.

Unfortunately, most of the above sentiments are profoundly disbelieved in Whitehall. The British emphasis on big and easy credit, on unrestricted freedom to change parities and on designing the mechanics so as to put pressure on the Germans to inflate—in the name of growth, of course—would, if successful, have destroyed the whole point *of EMS.*

A compromise is worse here than either extreme. A floating exchange rate can, as events in 1976 showed, be an extremely good external constraint on profligate and inflationary policies. Maybe a commitment to genuinely fixed parities (if necessary from some target date a *couple of years ahead) would be* an even better constraint. But the worst of all worlds would be the temporarily fixed, but actually adjustable and, therefore, *distrusted, rates towards which* some British Ministers wanted to take the Community. In place of "dirty floating" we would have had "dirty fixing," a change for *the worse.*

There is just a chance—no more than that—that the French might try to operate EMS in the right way. Whether or not they *have an initial devaluation, they* may well make an effort to adjust their monetary and fiscal policy with the aim of stabilising the franc against the mark. An *arrangement in which the UK* and Italy stayed on the periphery and allowed France to go ahead, might help to answer many uncertainties.

For if France really did carry out internal policies designed to to stabilise the franc against the mark without masses of credit, we would be able to see if this led to the unemployment and stagnation feared by British-type economists or to the more stable growth expected by the more internationally-minded monetarists. Thus we might be provided with a rational basis at present lacking to decide whether to join EMS at a later stage or not. Social and economic experiments are not often provided by history and we may have reason to be grateful to President Giscard. The experiment may, however, falter not because the basic ideas are wrong but because the period between now and the French presidential elections of 1981 is simply not long enough for the purpose. All the same, events in Paris will be more important than the exact formula by which the British Government stays out of the EMS while leaving the door ajar.

THE WEEK IN THE COURTS

Law travels abroad

BY JUSTINIAN

THE ARM of the law gets longer and longer. Whereas once upon a time English courts were reluctant to extend their powers beyond these shores (and this was particularly true about disputes over land abroad) nowadays there is a much greater willingness to venture overseas where it would be appropriate, even if the basic rule lays down a "hands-off" policy.

In a recent case in the Chancery Division a judge was asked (and acceded to a request) for an order that an English solicitor should be permitted to gain entry and inspect the contents of a flat in Paris owned by an American, where it was suspected valuable Picasso paintings were being harboured for another American who had judgment debts outstanding against him awarded to an American corporation in the New York courts. The exception to the rule that issues relating to foreign land are no business of the English courts arises where, as the lawyers put it, there is some personal equity running from one party to another. In plain *language, there must be some* personal element, something more than a naked question of title to foreign land for the courts to depart from the basic *rule.*

The recent case started with an action in the New York courts in 1965 for fraud and manipulation of shares in an American company that resulted in an award of \$21m. The debt remained unsatisfied in the hands of another American corporation which was assignee of the judgment debt. The corporation suspected that the judgment debtor had transferred valuable works of art and furniture from his New York flat to a flat in Paris. The lease of that flat was in the name of a close friend of the debtor, but the rent was paid by a company controlled by the judgment debtor. The friend in fact lived half the year in New York and the other half in a London house with fleeting visits to Paris. His residence here gave the American corporation the opportunity of serving a writ on him here, and joining the judgment debtor in the English proceedings. The idea *was to obtain an order against* the friend personally, that he should allow and authorise the creditors to inspect the premises to see what was in the Paris flat and open the Pandora's box.

Mr. Justice Templeman found little difficulty in discerning a personal equity between the judgment creditor and the debtor. The latter had taken steps to hide property that was legally available to his creditors to satisfy the debt; in short he was defrauding them of the judgment debt. Similarly the friend appeared to lend himself to assist the debtor in a campaign designed to put the assets *out of the creditors' reach.*

"It would be monstrous," the judge said, "if equity turned its head and said there is no relationship" between the creditor and the friend. The judge was not a bit perturbed by the fact that a 19th century judge of eminence, Lord Esher, had called the *equitable jurisdiction* anomalous. He had said that it seemed "to be open to the strong objection that the court is doing indirectly what it dare not do *directly." And he had a point.*

Conflict

In earlier days, when English *courts first developed the* exception to the rule about claims over foreign land, the decisions could be justified. The land was always situated within *British territory* and if there were local courts, then in the process of being colonised by Englishmen, the decisions of those courts could not command such respect as those of the courts in England. But if that was so, why sustain the basic rule itself?

In modern times the jurisdiction is much less easy *to justify,* where the land is situated in a country that is politically and legally foreign. A modern judge could hardly utter what one *English judge said in 1838:* "I consider that in the contemplation of the Court of Chancery every foreign court is an inferior court."

The problem is that the exercise of the jurisdiction might so easily bring the courts into conflict. Supposing under French law there was no power to order an inspection of a flat owned by a foreign national. The English solicitor, armed with his English court order, might have a sticky reception from the French authorities.

The basic rule that English courts may not adjudicate over foreign land may itself be ripe for revision. *For there may be* cases where issues over foreign land could properly be litigated in England; if so, cases like the one before Mr. Justice Templeman would not pose any problem, for at least the anomalous situation would not exist. There is an impressive array of hostile opinion among legal academics that the rule ought to go. And a brave attempt was made in the House of Lords earlier this year to get their Lordships to overturn a previous decision, handed down in 1893. Lord Wilberforce, in an elegant judgment, advanced sound reasons *for not succumbing to the* temptation of being a legislator.

The rule has been around a long time and is accepted, with differing degrees of force and emphasis, in other jurisdictions based on English law, although in one or two states in America, notably New York, the rule has been altered by statute. Second, *there is the possibility of conflict* with foreign jurisdictions with the consequent involvement in political questions of some delicacy. But that arises *whenever English courts adjudicate* about the property of foreigners, even though not so potentially acute as where land is involved. But, most powerfully, *any change in the rule might* necessitate changes in the law. Wherever a change in the law has effects beyond the situation presented to the courts in an *instant case, it is better to leave* it to Parliament to mop up all the attendant problems.

Judges are making the law every time they hand down a decision. It is a myth that judges are simply declaring the law and do not change it. But that is not to say that they may indulge their appetite for legislating on a subject that goes beyond the needs of resolving the piece of litigation before them. That is a task for Parliament, to whom judges should constantly turn for reform. Parliament needs constantly to be prodded into action by robust judicial pronouncements that change is *called for.*

[1] *Cook Industries Incorporated v. Galliher* [1978] 3 W L R 637
[2] *Hesperides Hotels Ltd. v. Muftizade* [1978] 3 W L.R. 378

Hochschild collection going under hammer

THE THIRD important art collection from the Continent to be dispersed in London since May goes on sale at Sotheby's on November 29.

It belongs to Mr. Gerald Hochschild, aged 55, a Chilean mining millionaire who lived for many years in Cheyne Walk, Chelsea. It is expected to make £1.5m.

The previous sales were those of the late Mr Robert von Hirsch, which made £15.5m in May, and of Mr. George Ortiz, which made £1.6m in June. Both *were from Switzerland.*

Mr. Hochschild lives in Paris. His holding consists of clocks, *silver, English and Old Master* paintings and French furniture. Its strength is in fine English furniture, which is expected to make £500,000.

The star item is Combe Abbey Library table, an important George II piece attributed to Thomas Chippendale, circa 1760.

Family duties and the difficulty of finding the right kind of specialist care have brought about the sale, according to Sir Humphrey Wakefield, Mr. Hochs*child's agent in London.*

SOCCER BY TREVOR BAILEY

Referee's whistle causes farce at Selhurst Park

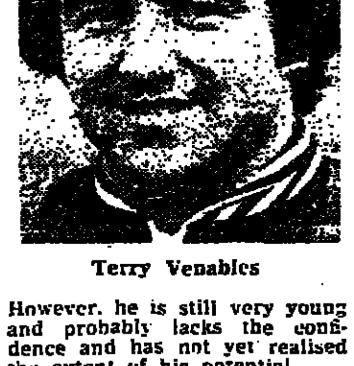
CRYSTAL PALACE lost their *unbeaten league record and* their place at the top of the Second Division, when they were beaten 1—0 by a most impressive Fulham at Selhurst Park. The visitors deserved their victory, which was obtained in spite of losing the injured Davies, who caused the Palace defence numerous problems, before the interval, and then being forced to employ Money up front for much of the second half, where he limped gamely, supplying the vital pass which led to the goal.

It was an exciting match, which was fought, sometimes too literally, at great pace by totally committed teams. A less lenient, and more observant referee was really needed. Mr. Hughes blew his final whistle a shade early and then brought back the players from their dressing rooms for a few more rather *farcical and hectic minutes. It* made one wonder whether the moment has not arrived for the introduction of an automatic timing device on ice hockey *lines.*

Although Crystal Palace supporters will be disappointed by the result, there is no cause for despondency. They have a very young side, which can only improve. When they gain promotion they should establish themselves and another season in the Second Division might even be a long-term advantage.

Apart from Burridge and Elwiss, the entire team are products of the Palace system, which has a very efficient youth policy. It has produced, among others, Sansom, Hilaire and Nicholas, who would cost a fortune on the transfer market, even if that type of money was *available. Finding and developing* quality players is not only good for the game, but it pays. John Cartwright, who has been in charge of the youth team, has been rewarded by being appointed coach to Young England.

The most naturally gifted of his proteges is Hilaire. In possession he is brilliant, but he is less impressive off the ball, so that he is inclined to be missing from the action for periods.



Terry Venables

However, he is still very young and probably lacks the confidence and has not yet realised the extent of his potential.

Another, Sansom, already appears destined for the full England XI. He is probably the best attacking left-back since Cooper and, despite being shadowed by the opposing winger throughout the afternoon, still caused endless problems down the left flank.

There is a feeling at Selhurst Park these days that the club is on the right lines and going places. It shows in little things, such as their programme which must surely be the best in London, but the main reason is Terry Venables, a manager of ability, charm and intelligence, with a deep knowledge of and love for the game.

Football has dominated his life since he started as a schoolboy wing-half in the back streets and parks *of Dagenham, an area* which has bred many fine players because the competition is fierce and only the best survive. Encouraged by his father and his grandfather, who had been a professional, Terry was playing Sunday football at 12 with boys of 16. He represented England Schools, was capped as an amateur and appeared for the Chelsea first team when only 16, a very talented ball-player who could have made a fine cricketer.

His distinguished career with Chelsea, Tottenham and QPR was no different from that of many footballers but, unlike many, Terry was not merely content to train, play and draw good wages. His active mind, like his *passing, was always probing,* which is why he has already done so well as coach and manager. It would be no surprise if, at some time in the future, with Palace firmly established in the First Division, he was appointed to the English job.

Gordon Williams, with whom he collaborated on the Hazell novels, asked Terry in his playing days why he did not write the short pieces that appeared under his name in the Press, instead of splitting the fee 50-50 with a "ghost." His reaction was to buy a typewriter, as £50 was far more attractive than £25.

His present Palace side is not unlike the Chelsea team, with whom Terry started his career, when an unusually high number of outstanding youngsters forced their way into the squad together. This situation creates a spirit of excitement, so that each game is another adventure, not just part of the routine. The players give that little extra, and this showed in the furious pursuit for an equaliser by Palace, as did also their lack of experience.

Their work rate was exceptional, but they needed somebody in midfield to provide the service which Beck gave Fulham. Their new signing Kember might prove to be the man. As it was, they mounted charge after charge to no avail and also left themselves exposed at the back. Nobody can be more aware of this problem than Venables, who in his older statesman days with QPR would have been the perfect person for the role.

In a short time, Bobby Campbell has achieved a remarkable revival at Fulham. Having bought wisely and cheaply to fit in with the young players already available, he has given his team a belief in themselves which is fully justified. In this form they could well gain promotion — and what were the odds against that at the start of this season?

RUGBY BY PETER ROBBINS

All Blacks' juggernaut rolls to fourth smooth victory

THE EIGHTH All Blacks have made an impressive start to their tour and gained their fourth successive victory by beating London Counties at Twickenham 37-12.

They could have scored 50 points, such was the dominance of their forwards—but try-scor*ing chances wer squandered by* the backs and Currie found his kicking form late in the game.

At Cambridge the All Blacks were short of match practice but against *Cardiff* they were more convincing. It was there that the young half-backs Loveridge and Dunn made their debuts.

This proved a bold and imaginative stroke by coach Jack Gleeson and helped gain an important win.

Even more vital psychologically was the mid-week victory over the West Wales side containing 11 internationals. That game was being called a "fifth Test" and defeat for the Welsh brought a wave of doubt and pessimism.

Russ Thomas, the All Blacks' genial manager, made it clear at the Swansea rugby club dinner *last Monday that his team* wanted to win—and by playing co-ordinated, 15-man rugby.

However, at Twickenham on Saturday, there were cat-calls when New *Zealand chose to kick* for goal rather than run the ball from penalties. One can sympathise to a degree with those who wanted to see more running.

New Zealand have, nevertheless, run the ball—notably from their excellent rucked possession, and the coach Gleeson, now handling his fourth international series in three years, is committed to such a policy. The way he keeps his enthusiasm is remarkable.

He tells me that there was a drop in the number of youngsters coming to club rugby in New Zealand and he was made chairman of a committee to investigate the reasons.

That committee did not take long to make one conclusion—that youngsters were not attracted by the traditional 10-man rugby perfected by the All Blacks over the years. There *have, of course, been exceptions* —such as Wilson Whineray's side in 1963 and Brian Lochore's 1967 team.

Gleeson recalls in his playing days training as a centre consisting of chasing kicks. So the call has now gone out to clubs to widen their game.

New Zealand have two excellent sets of half-backs on tour with Dunn, the Maori fly-half, a most exciting prospect. His blind-side try on Saturday was a repeat of a *moment at Cardiff when* he also beat several defenders with a magnificent dummy and change of pace.

Powerful

He will press Bruce for next week's international place as will Loveridge and Donaldson. Loveridge enjoys the running game more than Donaldson and on Saturday linked invaluably with his back-row forwards.

With these strengths, the only question mark is over the quality of the centres' passing.

Taylor is a tremendous finisher and very powerful on the burst as is Robertson, but there is little purity in their passing. Nevertheless, both they and Osborne are highly effective and the forwards create such quick possession that this lack of technique is not totally crippling.

A further bonus of the back play is the tremendous defensive work done especially by Osborne. This means that when a tackle is made such quick and constructive players as Mourie and Rutledge are always on hand to restart movement to New Zealand's advantage.

Wilson on the right wing has profited particularly from this ability whereas Bryan Williams has been seen very much as a middle man rather than a finisher like Kururaning on Ford.

The line-out work is not yet *to the highest standard and* Ralston in particular was jumping higher on Saturday than Haden or Oliver—but without the same support.

Individually, London's pack was well selected but it lacked real vigour until well into the second-half.

The difference in arrival speed at the breakdown between the two back-rows was glaring as was the difference in the possession given to Loveridge.

Colclough, anxious to eradicate the memory of the Argentine game, occasionally caught well standing second in the lineout, but his performance was not *consistent.*

Lawson, half way in from the cold, took a long time to settle and his partner Wilson kicked away too much possession. It was, *therefore,* well into the second-half before wings Wyatt and Demming received their first direct passes.

The reason for this was that the London pack was taking a comprehensive beating for most of the game and Wilson's kicking only gave New Zealand the ball again.

"I do not accept the notion that you pick a side with defence priority. That is negative thinking and seems to me foreign to the basic challenge of the game."

No one can say that London did not do their best—but the fact is that this best was nothing like good enough and indicates the decline in English rugby that last season appeared to have been arrested.

RACING BY DOMINIC WIGAN

Sandy Creek is not fancied for 2,000 Guineas or Derby

TOUGHNESS RATHER than class was the key to Saturday's renewal of the William Hill Futurity as Sandy Creek, Warmington, Lyphard's Wish and Laska Floko tried to wear one another down in the closing stages of the season's most valu*able juvenile event.*

Although it will be more than disappointing if the winner, Sandy Creek, does not go on to prove a better three-year-old *than Sporting Yankee or* Dactylographer, successful in the past two runnings of the event, I shall be surprised if he or any of the others in the 11-runner field make their mark in classic company.

Con Collins intends to bring back his 15-1 winner, racing in the black, purple and red colours of Alfie Maclean, the Belfast bookmaker, for the 2,000 Guineas and the Derby. Although Sandy Creek's time of 1 minute 38.32 seconds for Town Moor's Round Mile was a record he cannot be fancied seriously for the 2,000 Guineas, for which 20-1 is the top offer.

Apart from the untapped pool of *potential* classic talent on both sides of the Channel and in Ireland, More Light has a considerably better Derby chance on the "book." This West Ilsley bay comfortably beat Warmington when a game runner-up in the seven furlongs of the Dewhurst and might have finished further ahead of the Jeremy Hindley colt had he not been the one to take on the runaway Tromos a long way out.

CHEPSTOW
1.30—Plantagenet***
2.30—Carey's Choice
3.30—True Target
2.00—Sandicliffe**
3.00—Jack Splendid*
4.00—Honey Grove

Five minutes after Sandy Creek had galloped his way to a £36,000 first prize in Doncaster's two-year-old classic, and in the process landed some hefty bets for his owner, that outstanding eight-year-old, Sea Pigeon, was failing narrowly to add Newbury's St. Simon Stakes to his remarkable list of triumphs. Peter Easterby's *Sea Bird II* gelding, who only 24 hours earlier had thrown out another Champion Hurdle warning to potential rivals with an effortless William Hill Hurdle triumph, found Obraztsovy going just too strongly in the final furlong.

Sea Pigeon's poular owner, Pat Muldoon, announced after the William Hill race that his versatile performer will take in Newcastle's Fighting Fifth Hurdle towards the end of next month before having a well-deserved break. As he put it: "If I don't give him one, I'll have the RSPCA after me."

Incidentally, stablemate Night Nurse, to whom Sea Pigeon finished runner-up in the 1977 Champion Hurdle, will also shortly be in action at Gosforth Park. He is due to run there on Wednesday and many will be shaken if he cannot continue his rapid progress as a novice chaser following that effortless Wetherby victory over I'm a Driver.

TV/Radio

† Indicates programmes in black and white

BBC 1

9.38 am For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 pm News. 1.00 *Pebble Mill.* 1.45 *The Flumps.* 2.01 For Schools, Colleges. 3.15 Songs of Praise. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 The Mole and the Carpet. 4.25 Jackanory. 4.40 G.B Bears. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Ivor the Engine.
5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.50 It Ain't Half Hot Mum
7.20 Tycoon
8.10 Panorama
9.00 News
9.25 The Monday Film: "Adolf Hitler—My Part in his Downfall" starring Jim Dale and Arthur Lowe
11.05 Tonight
11.45 Weather Regional News

All Regions as BBC-1 except at the following times:—

Wales—1.45 pm Pili Pala. 2.18 For Schools. 4.40 Sinndifang. 5.55 Wales Today. 6.50 Heddiw. 11.45 News and Weather for Wales.

Scotland—10.00 am For Schools (around Scotland). 5.55 pm Reporting Scotland. 11.45 News and Weather for Scotland.

Northern Ireland—3.53 pm Northern Ireland News. 5.55 Scene Around Six. 11.45 News and Weather for Northern Ireland.

England—5.55 pm Look East [illegible]; Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

10.05 am The Role of the Nurse
10.30 Sisters and Brothers
11.00 Play School
2.15 pm Let's Go
2.20 Roads to Conflict
3.00 Knitting Fashion
3.20 Making Toys
4.00 The Object of the Exercise
5.35 News on 2 Headlines with sub-titles
†5.40 Laurel and Hardy Showcase: "Brats"
6.00 World Gymnastics Championships
6.50 And Now the Good News
7.15 Mid-Evening News
7.20 Sing Country Extra
8.05 Whatever Happened to Uncle Fred?
8.10 *Des O'Connor Tonight*
9.00 Monty Python's Flying Circus
9.30 Discoveries
10.20 Word for Word
10.50 The Price of Freedom
11.05 Exploring Photography
11.30 Late News
11.45 Closedown (reading)

LONDON

9.30 am Schools Programmes. 12.00 Moe and Mondes. 12.10 pm Hickory House. 12.30 What About the Workers? 1.00 News plus FT index. 1.20 Thames News. 1.30 About Britain. 2.00 After Noon. †2.25 Monday Matinee: "The Fallen Idol," starring Ralph Richardson. 4.20 Clapperboard. 4.45 The Tomorrow People. 5.15 Mr and Mrs
5.45 News
6.00 Thames at 6
6.25 Help!
6.35 Crossroads
7.00 *Dermo*
7.30 Coronation Street
8.00 Robin's Nest
8.30 World in Action
9.00 The Sandbaggers
10.00 News
10.30 Monday Night Film: "Night Hair Child" starring Mark Lester, Britt Ekland and Hardy Kruger
12.15 am Close: *A painting by* Munch accompanied by the music of Bartok

All IBA Regions as London except at the following times:—

ANGLIA

[illegible]

ATV

[illegible]

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible]

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1 247m

[illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

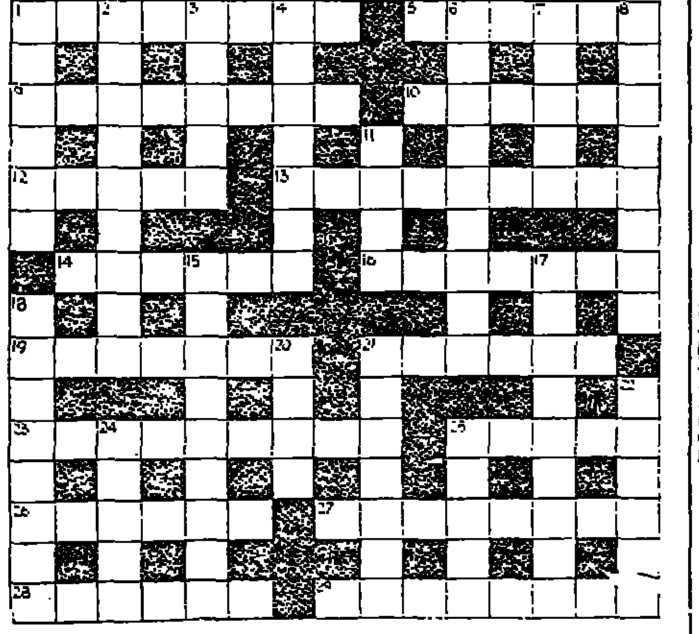
London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,809



ACROSS
1 Ward can be seen as a disadvantage (8)
5 Examination of underclothes (6)
9 Engineer turns to a chap on the way out (8)
10 Skewer for winter sportsman about five (6)
12 Doctor goes to fish in the county (5)
13 Dries up i.e. as a dramatist perhaps (9)
14 Not expressed, but despatched about 1.50 (6)
16 No longer large enough as a pattern (7)
19 Look at the beginning—the skill has gone (4, 3)
21 Savoury expression as prelude to a picture (6)
23 It was ominous when the wine ran out (9)
25 It's ruff about mother (5)
26 The conclusion—Dan is in a measure upset (3-3)
27 Reveal a record to be unsuccessful (8)
28 Bashful about the state *rumpus* (6)
29 Trades so variously classified (8)

DOWN
1 "We are such stuff as — are made on" (Tempest) (6)
2 A mean young girl is almost a bit (1, 4, 4)
3 Standard once set by the Colonel (5)
4 Satisfied with shelter (7)
6 Famous novelist with name for pouring oil on troubled waters (9)
7 Survived to see Satan rise (5)
8 Emphasises the southern locks (8)
11 Spur a horse into the river (4)
15 "Throw hither all your quaint — eyes" (Milton) (9)
17 Finished at Sandhurst, but had too much to drink (6, 3)
18 Young girls in a panic (8)
20 Neat receptacle for scraps (4)
21 Carriers found on course (7)
22 Dean that is creating an epic (6)
24 Bones or spokes (5)
25 The right page in the directory (5)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

Citizens, Glasgow

The Spanish Tragedy

by B. A. YOUNG

The text so skilfully prepared Robert David MacDonald, who also the director, is called "a oduction from the play by omas Kyd," and it has been immed down from the original. d's plot is vividly but economily expounded, the Portuguese enes (peripheral in any case) ing the main loss. There are centricities: the Viceroy of rtugal has become a weak, nd Pope, though his son Balar remains Prince of Portugal. venge, the constant companion Andrea's ghost, who sits roughout on top of the scaffold tting the tone of Geoff Rose's ister set, an all-purpose ecution-chamber equally suited courtship, diplomacy or irder, is personified as a young te, always available at court help in the murderous plots seethes with.

The play is most remembered lay for its anticipations of *mlet*. Andreas's ghost returns om Hades for vengeance on ltazar, who slew him in the r. And Baltazar's death is itrived in a play written by ronymo, Grand Marshal of ain and father of Horatio: ratio, Andreas's friend, took er Andreas's place as the lover *Belimperia, Infanta of Spain*, d is messily murdered for it Baltazar and her half-brother renzo.

Andrea is actually killed in ttle, but Mr MacDonald shows m stabbed as he is making love Belimperia, so uniting two emes with no loss of credility. Credibility is not a major ctor: the chain of murders is *amatic rather than probable*. ltazar and Lorenzo kill and ntilate Horatio when they tch him *in flagrante delicto* ith Belimperia, destined for arriage to Baltazar to cement peace between Spain and Portugal. Then, as part of the marriage ceremonies, Hieronymo entices bride and groom to take part in a play he has written, *Soliman and Perseda*. Both principals in the play die—on this occasion both in drama and in truth, for Hieronymo himself plays the third part and ensures the *coup de théâtre* he was after. Andrea's ghost (with Horatio's, who has joined him) is at last satisfied.

The production is an example of the Citizens' triumphant independence of accepted standards. Text-snobs will say that the play has been mutilated, yet I don't think Kyd's ghost would want to join Andrea's. The playing style, with one eye always on the audience, is quite individual, neither good not bad, yet always effective. There is no attempt to impose a "period," either in costume or manner. Players and audience are in one another's confidence: we might meet Horatio and Belimperia at the bus-stop after they have washed off the blood. (Though in Glasgow on Saturday they would have found no buses, the drivers being on strike.)

Belimperia, a Charles Addams figure in Philip Prowse costumes, is played by Celia Foxe. Her brother Lorenzo (Douglas Heard) commands the action more than his part in it might suggest, possibly because of his long black hair. John Sommerville has the best of Kyd's surprisingly musical verse as Hieronymo, and there is an interesting crescendo by Andrew Rodriquez, a slim figure in a white bumfreezer as Revenge, who beings as a mere extra and is cunningly insinuated into the action until he becomes really chilling.

Palladium/Wembley Arena

Sammy Davis Jnr/Yes

by ANTONY THORNCROFT

Trevor Humphries

Sammy Davis

Sammy Davis Jnr has not hanged his act in almost half century. As a preface to his alladium shows a snatch of lm is screened revealing the our-year-old Sammy revelling his performance—the same nergy, the same assurance, the ame smile.

Now, of course, words are dded. "People ask me why I m always smiling? If your eeth cost 9,000 dollars you'd ant to show them off." "I've een a Jew for 22 years and lack for nine years—before at I was coloured." "If you've ot it, flaunt it," he remarks lipping his dancing shoes on ith the help of a ceremonial word.

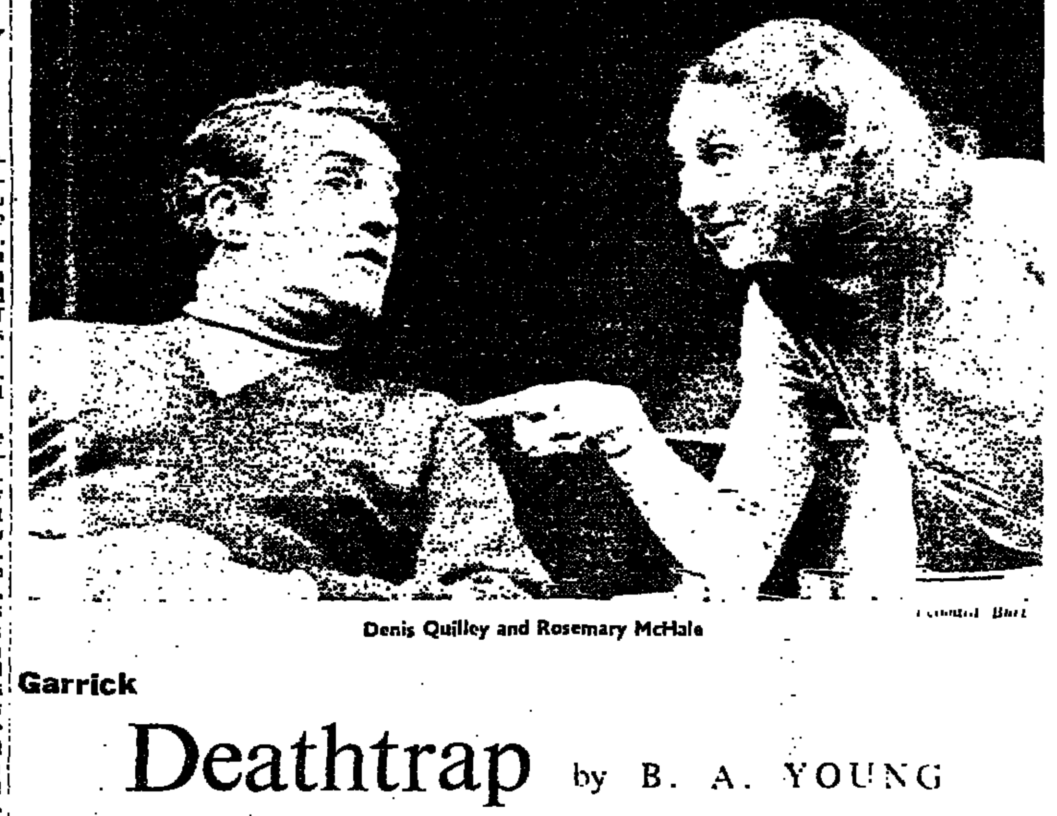
In the past Sammy Davis emed to have all the charm f a cold-sore, but this time he as cut out most of the bragng, the buttering up of the udience. He is much more elf-deprecatory and casual or, use a 1977 word, laid back. here is an apparently genuine ttempt to entertain and by eing less of a show biz autoaton he actually manages to nject some pathos amid the izzmatazz.

There is less dancing, less ame dropping. All the old hits e paraded and although the ngs may be phoney cabaret andards they are redeemed by e powerful, oddly emotive, oice. He casts aside the microone for his big party piece Mister Bojangles" and makes personal; he confidently jokes when the microphone roars at him: he impersonates tired standbys like Bogart and Brando but makes it amusing. he dominates the stage for 90 minutes and by the end his sweat has earned his fee and he has proved that professionalism and personality can just about keep old fashioned variety alive.

*

Amazingly enough a night later on the very edges of civilisation—the Wembley Arena—Yes pulled off the same trick for cosmic rock. Once again prejudices were worn away by an act which in its theatrical effects and sophistication makes Sammy Davis look quite provincial. Yes had built a revolving stage in the middle of the Arena and as it slowly turned the merging of coloured light beams, well mixed sounds, clever costumes and musical expertise produced a visual and aural experience much greater than the individual parts.

Yes contains in Jon Anderson one of the best rock singers; in Steve Howe one of the best guitarists; and in Rick Wakeman the best keyboards performer. The group has survived a decade and although much of the music has always been pretentious beyond its power even an agnostic can be won over by the fusion of electronic expertise and rock glamour. The spectacle made the music just as at the Palladium the personality made the show.



Denis Quilley and Rosemary McHale

Leonard Burt

Garrick

Deathtrap

by B. A. YOUNG

Deathtrap, by Ira Levin, is a comedy-thriller containing several murders. It is very ingenious, very funny and very exciting, and the acting is as good as you could possibly hope for. The dialogue is full of topical references to other pieces of the same genre. Beyond this I am going to find it hard to say much without exposing the whole delicate framework on which the play is based.

The events take place in the Connecticut country house of Sidney Bruhl, a playwright whose thrillers are no longer as successful as once they were. The house (designed by William Ritman) belongs to his wife Myra, on whose wealth he has been living since his talent wore thin, but *it bears his hallmark—a wall covered with swords and daggers*, a couple of maces, an axe, even a medieval crossbow. (The pistols are kept out of sight.)

In the mail, Sidney gets the script of an ingenious, funny and exciting thriller written by Clifford Anderson, a young student at a *seminar* where he has been lecturing. He is tempted to steal the plot for himself, and invites Clifford to come and stay, on the pretext of working on the play with him. Before the young man arrives, Helga ten Dorp, a neighbour with the gift of ESP, forecasts various disasters connected with the weapons in the room.

And there I must leave recounting the plot, though I can say that there are several murders, some of which are less fatal than others. The progress of the play that we see depends on the whim of the characters taking part in it. "Act Two is liable to be a let-down," Clifford says, things having gone his way (as he thinks) that far. "Not necessarily," *Sidney replies, his mind* on further profit. Without actually saying which they are, I can report that the final survivors, about to carry the plot into what might perfectly well be an Act Three on the same lines, are not the most likely characters.

Denis Quilley, having reverted most of the way back to his own sex, plays Sidney as a smooth, likeable, unvillainous villain; and Philip Sayer, in a performance worthy to stand beside Mr. Quilley's—and one can't say better than that—offers his own contrasting brand of smooth unvillainy as Clifford. Myra is the one with a nervous streak; Rosemary McHale skilfully injects an uneasy element into the calmly professional atmosphere. In this she is completely outstripped by Joyce Grant as Helga ten Dorp, a kind of Dutch Madame Arcati for whom every object carries a psychometric message of *doom*. Watching attentively from the touchline is Sidney's lawyer, Porter Milgrim, *David Healy at his most suave*.

I really mustn't tell you more, except that the direction by Michael Blakemore is as good as the play deserves. Take my word for it, this is the safest recommendation since *Sleuth*.

Bush

Loved

by MICHAEL COVENEY

Amy and Lawrence have a nice little house with smart furniture. Scented stock grows on the patio where coffee and brandy are served after dinner. But they are childless and shy of each other. Amy's sister, Cissy arrives and does not ask why Lawrence sleeps on the sofa each night. Lawrence's friend, Gabriel, arrives on the brink of a breakdown. *He is a psychoanalyst*, with smug Freudian explanations for Amy's childhood habit of train-spotting. Amy and Lawrence work for Minds Unlimited, *but Amy makes off at* night disguised as a female tramp, forging a friendship with a strange brother and sister who live in a warehouse by the river.

Olwen Wymark's extraordinarily skilful little play is about the dishonesty and distance between people bound together by society's bonds. Their tranquility is disrupted *by the filial partnership (Sean* Scanlan and Veronica Quilligan) who flow in and out of the action like a doubled version of T. S. Eliot's Unknown Guest. And, like Eliot's Celia Coplestone, Amy is drawn inexorably towards them, as if to a mysterious power that will change her life. That may sound pretentious, but it works *gloriously as theatre, and especially so given the overall excel*lence of Kenneth Chubb's production for Wakefield Tricycle, the best work I have seen from this director.

Lawrence (Philip Lowrie) defines Hope as a woman, plain and skinny, sidling into a room dressed in a pink tutu and a clown nose. This, *indeed*, once *the surface has been irreparably* rippled, is the play's final image, embodied by Jill Dixon as Cissy.

By then Amy is on her way out and Gabriel has run ludicrously berserk (we are told) on Brighton beach. The writing, superbly controlled and hypnotic, weaves a magic spell within which Priscilla Morgan as Amy snatches at her own spirit on the wing and brings it to bear, at last, on the lives of those around her. It is a beautiful performance, full of nuance and grace, touching and fuelled by stifled anger.

*

Wilfred II, in Frank Marcus's lunchtime play *The Ballad of Wilfred II* at the Almost Free, is Aubrey Chapman, a dowdy librarian in Crawley (what has Mr. Marcus got against Crawley?) who advertises for love and affection in the local rag three years after his mother has died. The call is answered by a stupid, middle-aged launderette attendant whose husband Wilfred, a sottish, drunken oaf by all accounts, literally fell off the back of a lorry and died.

Before we arrive at what is actually a rather touching little love story, we see Aubrey at work in his library, coping with a Wagnerian assistant and a hysterical customer; and, quite separately, we see the widow, Edie Spoke, fending off the ruderies of a deliberately caricatured window-cleaner and, at work, a squatter with his clothes wrapped up in newspaper. When the squatter goes off, he leaves the fatal rag behind.

I suppose that one defence of having an indulgent director is that he is your son, and Paul Marcus's direction is *nothing if* not indulgent. Scenes that should have gone out the window at the first *read-through—like an un*funny mimed pub interlude—are loyally retained, as are several pertinent but not very remarkable songs by Joanna Marcus sister of Paul and daughter of Frank.

Nice, deft performances, though, from Hugh Lloyd and Carolyn Moody as the couple, and much of the dialogue is *funny and sharp. There is a* good little half-hour play inside there somewhere.

Covent Garden

Triple Bill

by CLEMENT CRISP

The triple bill currently in the Opera House repertory has as its heart Lynn Seymour's incarnation of Natalya Petrovna in *A Month in the Country*. It is a superlative performance, but one so widely hailed that it needs *no further bouquets from me*. Rather do I salute the sensitivity of Denise Nunn's Vera, wherein an intensity of girlish feeling is made astonishingly sincere, avoiding all the pitfalls of *ingénue* playing. *The little solo* that introduces Vera—like the one which pinpoints Dorabella for us in *Enigma Variations*—is all fleet, tripping steps, which Nunn seems to dance in one joyous burst that leaves her out of breath as she collapses in a chair.

The duet with Michael Coleman's Belyayev is a joy, its ardent, soaring lifts appear exactly the realisation of a young girl's dreams; and the outburst of anger against Natalya is ideally caught in the forward-stabbing image of the *girl's leg as she seems to pounce* on her. From Coleman, too, a most committed interpretation. He is an artist whose dramatic playing is sometimes overlooked because of the clarity and wiry *strength of his dancing—those* pirouettes that turn steadily on until the very last: the clean stretch of the legs in a jump—but given a character, Coleman brings a care to his playing that comes from an accumulation of detail. (His Albrecht was of exceptional interest; seen several years ago, it was inexplicably never allowed to develop in further performances.)

Coleman also appeared as the Dago in the closing *Façade* of the evening. It is a portrait of flashing teeth and eager hands, but a moment too like his battered husband in *The Concert*—I miss Helpmann's combination of boredom and hair-oil. I admired Alfreda Thorogood's perky Débutante, and hail Ashley Page and Michael Batchelor as the best Popular Song pair in years.

Serenade, which began the evening, continues to receive the most idiomatic performances we have seen since Mr. Balanchine mounted it here more than a decade ago. Marguerite Porter brings a lovely open line to the lyricism of the woman who must suffer in the last movement, and in the usually anonymous part of the man who enters, guided by the second girl (her hand masking his eyes), Julian Hosking *produces* playing of ideal emotional weight and physical dignity.

'Under the Greenwood Tree' for Vaudeville

Patrick Garland's adaptation of Thomas Hardy's novel *Under The Greenwood Tree* will open at the Vaudeville Theatre on *Wednesday December 6*, with two reduced priced previews on December 4 and 5.

The Salisbury Festival Production, which coincides with the 50th anniversary of Thomas Hardy's death, is the first stage adaptation of a Hardy novel in many years. The show is directed by Patrick Garland. The music has been specially composed and arranged by Chris Littlewood and the lyrics are from poems by Thomas Hardy.

Letter from Germany—2

Lear

by MAX LOPPERT

Aribert Reimann's *Lear* is not the first opera on Shakespeare's play. In an appendix to his essay, "Shakespeare and Opera," in the *Shakespeare and Music* compendium, Winton Dean lists seven—three entitled *Re Lear* (by Cagnoni, Frazzi and Alberto Ghislanzoni), one *Roi Lear* (by Albert Reynaud) and three *Cordelia* (by Cottrau, Gobatti and Séméladis). All are forgotten: what every opera goer remembers instead is that *Re Lear was an unrealised project* and a lifelong obsession of Verdi's: and what many operagoers may recall is that Benjamin Britten also failed to produce his planned *King Lear*.

The link between Britten and the new opera is Dietrich Fischer-Dieskau. Evidently the title role of the Britten opera was to have been his and around 1968, when it became clear that the work was unlikely to materialise, the baritone began to persuade his sometime accompanist and composer of the opera *Melusine* and the song cycle *Wolkenlose Christfest* (of which Fischer-Dieskau gave the first performance) to embark on a *King Lear* opera. It was completed early this year and first performed during the Munich *Festival in July with Fischer*-Dieskau as protagonist. I saw, earlier this month, a performance of the second German production, at Düsseldorf, with a different cast.

Making prophecies is always a vertiginous business, especially after only a single encounter with a work, bolstered by study of score and libretto; but my *feeling is that, after its initial* period of celebrity, Reimann's *King Lear* opera will find a place in the operatic firmament alongside the seven already mentioned; for it seems to me a monumental falling-short of an admittedly monumental task—an opera nasty, brutish, and long, musically almost entirely barren, and dramatically redundant.

As the work proclaims itself an "Oper in zwei Teilen nach William Shakespeare," there is justification for examining it in relation to the play. Claus H. Hennenberg, who prepared the libretto, has condensed the drama, trimming some scenes and telescoping others, removing minor characters yet retaining the outlines of the main and subordinate plots. *The translation* is for the most part direct, but often with dilutions of or glosses on the original phrases, and with curious inventions (Kent is put in the stocks as a spy) and curious spellings-out of certain points—Lear's additional questions to Cordelia in the first scene, and Goneril's "explanation" of her death, are just two examples of the process.

In general, it is a workable treatment of a formidably complex play. In any case, as Dean puts, it "It is possible to carry *respect for Shakespeare to ex*cessive lengths, to have too strong a literary sense." Respect of this kind, and strong literary sense, are not charges I would level against Reimann. Indeed, the gravest weakness in his musical setting of this *King Lear* libretto is his apparently limited understanding of the play's range, its emotional profundity and psychological depth, and his consequent reduction of it, by musical means, to a drama of sterile violence and virtually unrelieved cruelty.

The profound weakness lies *in Reimann's musical materials*, in his musical language—an arid if superficially forceful amalgam of serial and post-serial musical devices (the whole gamut of semitonal and *microtonal clusters*, *long passages of monotone*, unbarred vocal notation over ostinatos or else jagged voice parts in tortured time-patterns against braying, percussion-dominated orchestral sonorities, and so on) fitted only for the Theatre of Cruelty aspects of the play. It reduces the entire dramatic progression, the mighty world view, the terrifying but also endlessly compassionate examinations of nature and of Nature, human and animal, physical and spiritual, to a spectacle of punk perversity and gratuitous *violence*.

It must be one of the loudest works ever intended for the lyric stage. Great slabs of fff sound assault the ears, for page after page, in scene after scene; yet volume produces no majesty, invites no identification, permits almost no dramatic movement. When the aural assault temporarily ceases, as in *the Edgar-as-Poor-Tom scenes*, one notices how dry and unforthcoming the vocal line invariably is; "lyrical" characters sing with bardly less angularity than the others. Characterisation is worked in terms of vocal disposition (Edgar, a tenor, reaches up into the countertenor heights as Tom: the three daughters are three kinds of soprano; the Fool *is distinguished from the mad*men by his predominantly spoken lines), and by differentiation in the figuration of the line. But characterisation is superficial. There seems to Reimann's opera essentially only one kind of musico-dramatic activity—violent oppositions of violent sonorities—and *King Lear* is simply too broad, too various a play to submit willingly to treatment of this kind.

Perhaps the original Munich staging (not only Fischer-Dieskau but Helga Dernesch, Colette Lorand, and Julia Varady *in the cast; production by* Ponnelle) was communicative of a higher degree of intrinsic operatic vitality. This Düsseldorf performance, produced by Gert Westphal in the designs of *Heinrich Wendel and conducted* by Friedemann Layer, was led by Günter Reich, a baritone best known here for his BBC Schoenberg concert performances. The voice is well toned, clear, naturally possessed of weight and dignity; the dramatic presence of his Lear, other than the caricatured shambling and stumbling decreed by the producer, was minimal.

Caricature, of a basic and often base kind, was a notable element in most of the playing. Goneril and Regan cackled and spat like pantomime dames, or as a *Clorinda and Tisbe might be in a Cenerentola* put on by the inhabitants of Charenton—this was despite impressively strong, clear singing by Anna Green (an English soprano now much employed in Germany) and Patricia Stone. The intended contrast with Cordelia was diminished by Emily Rawlins' timbre, acid at the top in a *manner better suited to her* sisters. In the two roles nearest to being deemed sympathetic, Gloucester (baritone) and Kent (tenor), Hermann Becht and Sven Olof Eliasson disclosed firm voices. Edmund, a *Heldentenor* pinned to the extremes of his compass, stretched Horst Hiestermann to the edge of his limits. The look of the production, on bare boards, with striking side lighting and primary colouring, was stripped-away, RSC-ish. There seemed to be a good deal of genuflection in the direction of the Peter *Brook style of the 60s*, although the effect of the whole seemed at times rather more somebody's crisply drilled, Teutonic idea of what a Ken Russell opera production might be like. That, alas, underscored only too clearly what was wrong with the work itself.

1978 Best Book of the Sea Award

The 1978 Best Book of the Sea Award is being sponsored this year by Jetlink Ferries, operators of the new Seajet service between Brighton and Dieppe, starting next April 27.

The award of £250 and a medallion, will be given to the author of the non-fiction work which, in the opinion of the judges, makes the most valuable contribution to the enjoyment and knowledge of those who love the sea.

Entries are confined to books first published in the UK during the 12 months ending December 15, 1978 when entries will close. Six copies of each entry are to be sent to Jetlink Ferries, 18 Westminster Palace Gardens, Artillery Row, London SW1P 1RL.

Last year's winning entry was Harry Morgan's Way by Dudley Pope (The Alison Press-Secker and Warburg).

The awards will be presented on Friday January 5, 1979 at the Earls Court International Boat Show.

The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

Fringe benefits remain popular despite tax

ALTHOUGH the tentacles of taxation have in recent years spread to embrace virtually every type of fringe benefit, this form of reward still remains increasingly popular, according to the latest report by management consultants, Inbucon, on executive salaries and fringe benefits.

Company cars have become more widespread over *the last* year, as has free medical insurance. Share option schemes have recovered some of their popularity, following a setback in 1977, while more people are receiving bonuses.

The survey is the 17th in the *series produced by Inbucon and* it shows that for the first time in a number of years managers' salaries have risen by more than the retail price index. Thus, the average managerial salary rose by nearly 16 per cent to £8,873, while the RPI *went up by only 7.8 per cent* in the year to July, 1978

Of some comfort to managers—who would probably argue that the latest figures show that they have still to regain all that they have lost in living standards in the past few years*—is that the survey points to* the steady reduction in differentials having been checked.

The survey covers 7,600 executives *from* 611 companies, including 1,777 directors, of whom 478 were managing directors. It gives an insight into the wide variety of differentials that exist in different industries between the top directors and managers lower down the ladder.

The highest average salary among the different industrial groups is the equivalent of a unit managing director in the *drinks industry, who receives* £20,129. Two rungs further down the ladder the head of a major division would receive less than half that figure at £9,845. *On the other hand,* in metal manufacture where the unit managing director is receiving £15,440, the major division head is getting more than half *his salary level at £8,577.* A similar picture is seen in transport and communications where the respective figures are £17,911 and £10,550.

The least well paid among the industrial group heads is the unit managing director in the *general metal goods category*, who is paid on average £14,904. His head of a major division would be receiving £7,932. Taking all industrial groups into *account the average salary for* the unit managing director works out at £16,730, with the division head getting £9,154. Lower middle management *would be getting £5,642, indicating* a 3 to 1 differential with the top category.

The size of company plays a big part in the level of salary. When the company's turnover is less than £1m the pay level is for, say, financial executives is *just over £6,000, but in a company* with sales in excess of £200m the same position commands a salary of over £15,000. The ratio is almost 4 to 1 at *the top level, with the company* selling less than £1m paying its managing director £10,240 and *the £200m plus sales concern* paying £38,465 for the same job

Another feature of the survey is that the differentials between salaries in the different regions of the country are narrower than they once were, with Scotland now getting on almost equal *terms with most other parts of* the country, and only a relatively small way behind the *South-East where the highest* salaries are paid.

Discounting the South-East, only the North and Yorkshire and Humberside regions pay *more than Scotland for* the unit managing director. The average figures are £16,376 for Scotland, *£16,649 for Yorkshire and* Humberside and £16,872 for the North.

Most categories of manager have been with their companies for quite a long time. Company secretaries of public companies top the league, with almost 17 *years' service, of which 8½ years* has been in their present job. Their average age is 49, which matches that of managing directors, who on average have *been with the companies* for almost 16 years and have been in the present position for six years.

Among the more mobile executives—although not exactly choppers and changers—are marketing managers with almost *nine years' service, of* which nearly 3½ has been in their current position, and heads of data processing, for whom the respective figures are just over *9½ years' service and five years* in present job.

Within the area of fringe benefits, the car remains top of the league in popularity. On average, over 67 per cent of all managers have use of a company car, but the figures range widely between the job categories. Not surprisingly, over 98 per cent of managing directors get a car on the firm, but less than one-quarter of cost accountants get this benefit. As is to be expected, over 90 per cent of executives in the sales function drive company cars.

Survey of executive, salaries and fringe benefits, UK. Available from Inbucon/AIC Management Consultants, Knightsbridge House, 197 Knightsbridge, London, SW7 1RX. Price £60.

Nicholas Leslie

FRINGE BENEFITS

Proportion of the sample receiving benefits in:

BENEFITS	1974 %	1975 %	1976 %	1977 %	1978 %
Top Hat Pension	19.3	20.3	19.4	15.2	15.6
Full use of company car	62.0	60.6	62.3	63.8	67.4
Allowance for regular of own car	12.3	12.8	10.7	8.6	8.3
Subsidised lunches	64.2	63.6	67.3	65.9	68.6
Subsidised housing	0.9	1.1	1.0	0.7	1.0
Assistance with house purchase	4.7	6.4	5.9	7.4	8.0
Life Assurance					
Up to and incl. 3 × salary	53.1	57.9	58.8	61.6	62.4
Exceeding 3 × salary	22.2	25.5	27.5	23.9	26.7
Free medical insurance	30.1	37.9	37.3	38.8	44.1
Share option scheme	4.2	4.3	5.3	3.7	6.0
Share purchase scheme	4.3	3.5	4.1	3.3	3.4
Low interest loans	—	—	7.2	9.7	9.6
Bonus	32.6	31.1	33.9	33.3	37.1

* Other than retirement pensions

WHAT BONUSES CAN BE WORTH

1978

	Salary Average £	Total Remuneration Average £	Total Remuneration exceeds salary by Average %
Managing Directors	16,730	18,333	9.6
General Managers	13,632	14,606	7.1
Company Secretaries	10,197	10,569	3.6
Personnel Executives	8,823	9,140	3.6
Training Executives	6,725	6,888	2.4
Financial Executives	9,080	9,489	4.5
Production Executives	8,635	9,064	5.0
Chief Engineers	7,002	7,204	2.9
Production Controllers	6,371	6,561	3.0
Quality Control Executives	6,590	6,809	3.3
Purchasing Executives	7,060	7,336	3.9
Sales Executives	8,533	9,090	6.5
Export Sales Executives	8,201	8,598	4.8
Marketing Executives	7,990	8,310	4.0
Heads of Research & Development	8,961	9,400	4.9
Heads of Data Processing	8,319	8,606	3.4
All Jobs	8,873	9,339	5.3

EXECUTIVE HEALTH

BY DR. DAVID CARRICK

The lumps that can prove so vital to a body's self-defence

TWO SEEMINGLY unconnected matters have exercised my mind recently; yet they are distantly related. One concerns the very understandable ignorance of *non-medical people* who misinterpret the natural reactions of their bodies.

The other theme is the distressing industrial strife that grows *daily in NHS* hospitals. The reasons for this are legion, but may arise from the increase of lay administrators, matched by a similar increase in those who, as in any nationalised enterprise or giant industry, see themselves as the "workers" *and the* former group as the "bosses."

It is a sad tact of modern life that the patients and the nurses and doctors are the ones who *suffer most from the* results of such folly.

Curiously enough, long before non-medical personnel overwhelmed (in numbers) the few *trained men and women able to* treat the sick, certain laymen played a most valuable part in helping their medical colleagues. I refer to the superior porters who roamed Outpatients and developed a laudable skill *in differential* diagnosis.

Once only do I recall a mistake being made and that by a stolid, red-headed veteran, called Mr. Wellbeloved who was a man of great wisdom and presence. His one error occurred *in Surgical Outpatients into* which he had ushered a curious little man who walked in a way suggestive of many years on camels. The surgeon asked Mr. Wellbeloved for his diagnosis. The latter smiled. "Simple one, Sir," he replied. "Bilateral *'ernias, probably oblique.*" And left the room.

The quaint patient was persuaded to undress, thus revealing the cause of his bizarre gait. Strapped to each groin was a truss, each being so much oversized that they grossly impeded his *locomotion. Asked to* remove them (they had belonged to his Dad, a much larger man) we were able to see two large swellings in his groins. The consultant examined them and on raising the man's shirt, revealed bilateral herpes (shingles).

The swellings were enlarged lymph nodes (commonly called glands) which were draining the infected shingles. This was explained to the man but he disagreed. "Them's ruptures like what me Dad had," he stated.

Now that man's ignorance was not uncommon. I see patients from every walk of life who are worried about painful lumps which, more *often than not,* are enlarged lymph nodes draining some nearby focus of infection. They are vital parts of the defence system of the body.

Their size varies from that of a pin's head to a pullet's egg. Their major function is to drain *important sites and to filter off* bacteria to be attacked by white cells, some of which they manufacture. With very severe infections, the node becomes overrun and itself becomes an abscess: but the process continues down the chain of defence. As well as producing defensive cells, these nodes may produce antibodies and antitoxins to cope with a wide variety of invaders.

Unfortunately, most people *have heard that cancer can* spread to these nodes. This is true, but usually the invaded node is firm, painless and, unhappily, is destroyed as a defensive post. These perform invaluable healing tasks. So the patients, far from being alarmed *at finding these painful nodes,* should be as pleased as their doctors that their bodies are fighting valiantly for victory.

The gentle art of good negotiating

Training for Negotiating, by Bromley Kniveton and Brian Towers. Business Books, £6.95

The Art of International Negotiation, by F. Posses. Business Books, £7.95

AS EVERY good negotiator knows, the ability to negotiate *is a subtle skill, a gift of birth:* either you have it or you don't.

"It's a sad state of affairs when you consider that you can train a salesman, a doctor or teacher, *but not a negotiator,*" is the wry comment from the authors of Training for Negotiating. And they add that the present industrial relations position in this country does not say much for those negotiators who rely on instinct or learning by the seat of their pants.

Techniques

Negotiations in this book are restricted to those in industrial relations, although there are parts of it which could clearly be widely applied. It is divided *into three main* sections and ends with an extensive section of examples and exercises.

The first secton is an unexceptional look at the background of negotiating in industrial relations. And the final section, which is the raison d'etre of the title, covers the knotty problem of how one actually tries to train people in the skills of negotiation, and describes the techniques of teaching and the *setting of* courses.

And of course simulated negotiation can allow experimentation with techniques which *could never be risked when it* was for real—a bit like playing poker for matchsticks.

But it is the middle section of the book where Bromley Kniveton and Brian Towers are at their most informative and interesting. In this section, by *frequently referring to* psychological and behaviourist research, they explain what happens in negotiations; such as why seating arrangements are *important,* what people mean when they point with a pencil, and what is the best size for a group of negotiators.

Anyone who has been involved in negotiations will come *across some very familiar* occurrences. A negotiator with some experience might find this middle section useful—especially if he has not had the time *to read much academic research* —as a way of understanding some of his own behaviour and tactics.

While a negotiator may have a good "*feel*" *for the right* moment to get angry, when to be charming and winning or when to threaten to walk out, the book explains the effect *these actions will have.* Someone with a better understanding of the psychological aspects of negotiating will be able to control his behaviour and be better *equipped to be manipulative.* Not that the authors set out to teach how to be particularly manipulative.

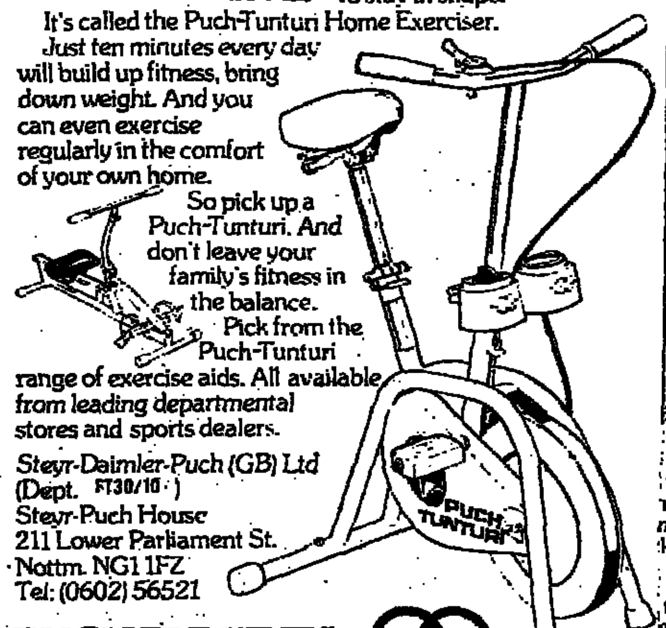
This middle section will also *be of the greatest* use to a trainer faced with the task of trying to teach the art of negotiating. Although "games" and mock-negotiations may provide *a limited experience,* it is important to be able to explain rationally to his students the techniques they are using and the effect they have. A niggling *complaint is that sporadically* the book slips into academic jargon and the occasional page is peppered with "ongoings" and misused "situations."

Swashbuckling

The Art of International Negotiation by Dr. Frederick Posses *has a very different* approach to the subject. Perhaps the smallest difference is that the negotiations he refers to are not industrial relations but international deals. Unlike Kniveton and Towers's academic approach Posses takes a much more swashbuckling line and I suspect he is very much in favour of the "natural" negotiator learning by hard experience. What does come through in this book is that negotiating, to many people, is very enjoyable, giving an outlet for aggression, guile and plain wilyness.

Posses's enthusiasm helps carry the book, as he advises the reader to be sensitive to the cultural differences and the political problems and he urges the reader *to be thorough* in research and planning. And while compared with Training for Negotiating, some of the psychology may seem a little *glib. Posses starts from the precept* that good negotiating is about winning and he seldom strays from that.

Jason Crisp



هكذا من الأصل

MESSAGE READS:- 'SEND THREE AND FOURPENCE, WE'RE GOING TO A DANCE.'

It shouldn't have read anything of the sort, of course.

It should have read "Send reinforcements, we're going to advance."

This familiar First World War anecdote is a classic illustration of how crucial communication is in all walks of life; particularly within an organisation, where any breakdown in communication will impair its efficiency.

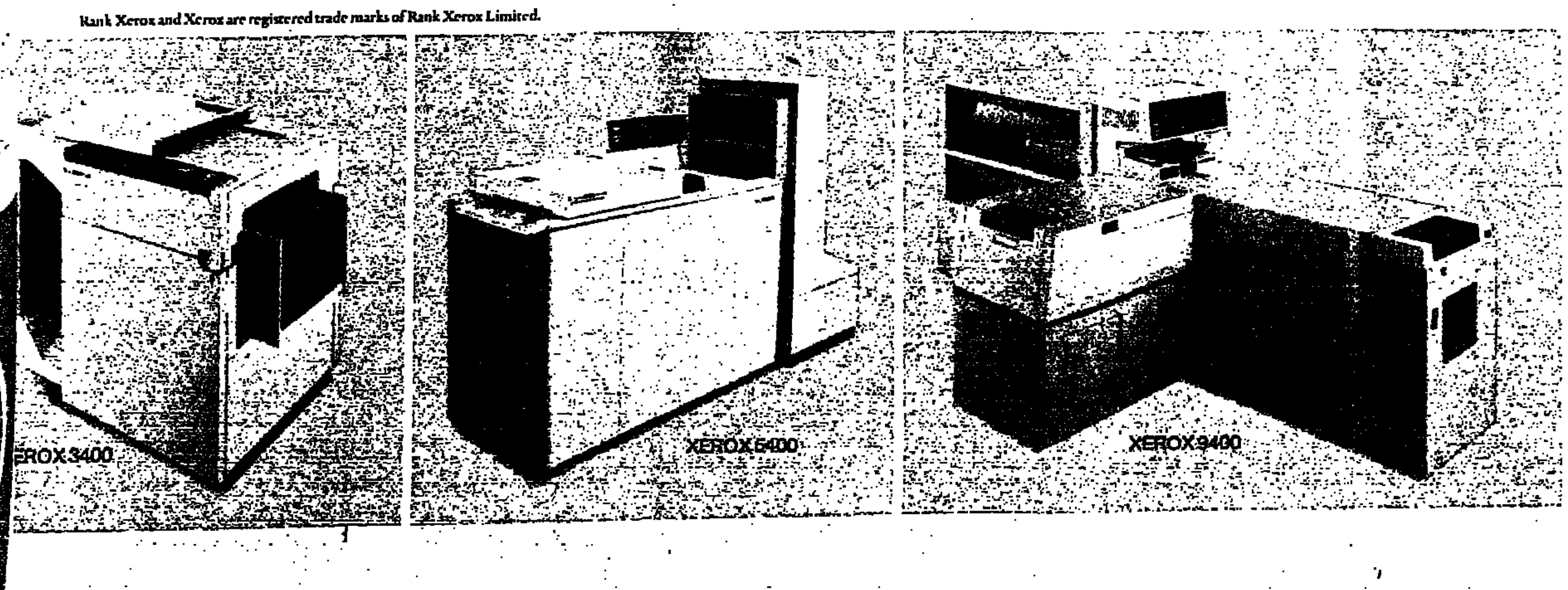
You'd be surprised how often Rank Xerox improve efficiency, whether you're a small businessman, an administrator in a school or hospital, a manager in industry or a partner in one of the professions.

Our advanced technology, supported by nationwide servicing whether you rent or buy, has provided a wide range of equipment costing from £50 to as little as £1 a day, enabling organisations to communicate with single or multiple copies of the shortest or longest document.

For more information please telephone Freefone 2279 or complete the coupon.

RANK XEROX

Efficiency through communication



To Rank Xerox (UK) Ltd., P.O. Box 3, Horley, Surrey.

I would like more information. I am interested in:

- ☐ Copiers for small businesses (up to 5,000 copies a month)
- ☐ Copiers for volume copying (between 4 and 15,000 copies a month)
- ☐ Copier Duplicators for high volume copying (15 to 500,000 copies a month)
- ☐ Rank Xerox word processing systems and automatic typewriters.

Company Name________

Company Address________

Your Name________

Telephone________

To help in dealing promptly with your enquiry, please indicate your type of business.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000

Monday October 30 1978

The return of Parliament

IT WOULD be foolish to deny that the result of the by-election in Berwick and East Lothian last week is highly satisfactory from the Government's point of view. Perhaps the best way of looking at it is to imagine what would have happened if the outcome had gone the other way and there had been a victory for the Conservatives. It would have been said that it had been demonstrated beyond doubt that Mr. Callaghan was running away when he declined to hold a general election this month. His authority would have been weakened both in the country and in the Labour Party. Mrs. Thatcher would have been in rampant mood. It would not have been easy for the Government to declare its intentions for the new session of Parliament with any degree of confidence.

Late coming

All that is now fantasy. As Parliament returns this week, Mr. Callaghan can be as confident of his hold on office as at any time during his premiership. Yet it would be equally foolish to argue that anything very much has changed. The results of the by-elections in Berwick and Pontefract together tend to confirm what was guessed by both amateurs and professionals when a general election was being contemplated a few weeks ago. There has been a fall in support for third parties, including the Scottish Nationalists. There has been a swing back to Labour in Scotland, but in England — including industrial England — the Conservatives are still picking up votes. If there had been a general election this month, the outcome could have been remarkably close.

It is also quite likely, although impossible to prove, that the customary pro-government swing during the summer recess came, like the sun, unusually late this year. The Government is now benefiting from a movement of sentiment which normally occurs before the summer is out. Reality returns with the onset of winter and the re-opening of Parliament.

It cannot be said that the reality is very pleasant, either for the Government or for the country. Practically all the problems which the Government faced before the recess have grown worse in the interim. All that can be said about Rhodesia, for instance, is that a climax of some sort is nearer, while the chances of there being a united British response have become more remote. Equally, a decision is approaching on the proposed European Monetary System, although the subject has scarcely been discussed in the country, let alone in Parliament. There is no sign that the Government has the will to take Britain in or has fully considered the possible consequences of staying out. The decline of the dollar meanwhile continues on a scale unguessed-at a few months ago, and with it the probability increases of a further rise in oil prices at the OPEC meeting in December.

On the domestic front, the Government is still fighting for its income policy, yet however popular it is in theory, in practice the battle is proving hard to win. Not only Ford but Vauxhall seem likely to ignore the 5 per cent target entirely, and the struggle with the local authority manual workers is yet to come. It has also been shown that the gains in productivity from Phase Three of the incomes policy have been negligible. Yet without an increase in productivity it is tempting to wonder whether the policy is worth anything at all. It is a brave fight in a way, but it could be on the wrong battleground.

Cross-Party

It cannot be said either that it is merely a question of waiting for the Government to be replaced by the Conservatives. It is not only Mr. Heath who has shown that the Tory Party is still deeply divided. Some of its policies — vis-à-vis the Price Commission, for example — remain unthought-out and even unconsidered. The Tory approach to EMS is unknown.

These are not happy circumstances for the return of Parliament. Yet Parliament, if it is anything, is the voice of the nation. That puts a heavy responsibility this session on back-benchers of all parties to draw the Government out and discover what is happening. It may yet be that a number of attitudes will be shared across party lines.

Portugal's new Prime Minister

THE MOST encouraging aspect of the appointment of Dr. Carlos Mota Pinto as Portugal's Prime Minister is that he just may prove to be more acceptable to the political parties than his short-lived predecessor, the independent Alfredo Nobre da Costa whose technocrat administration lasted only 17 days. The initial reaction of the parties has on the whole been favourable to the appointment. The first important test will come with the selection of a Cabinet to back him up. The Nobre da Costa government was unpopular with the parties because it included so many businessmen and technocrats: its very independence seemed to imply a rejection of the principles of parliamentary government, and in particular the stipulation in the constitution that the government should reflect the results emerging from a general election.

Bridge the gap

Having shown last month that they could assert their democratic rights by dismissing the President's nominee, the parties now sound as if they are more prepared to come to terms with his replacement. But Dr. Mota Pinto can only expect to start bridging the gap between the presidency and the parliament, if he can recruit enough leading politicians into his Cabinet to make it look like, and act like, a coalition. In a sense he is better placed to appeal to the middle ground, in that his inclinations are more centre-left than those of Nobre da Costa: he was formerly a prominent member of the Social Democrats (PSD), but left the party when it started to move right, and his appointment has been well received by the Socialists and the Christian Democrats (CDS).

That said, however, the fact remains that the new Prime Minister is faced with a situation in which the odds are heavily stacked against him being able to form a strong stable government. He may be able to attract some politicians into his Cabinet, but a government which looks like a coalition but is not a coalition in fact, is a shaky basis for firm government. He will need all his skill in putting together a platform which will rest on the support of a majority in parliament. But he has little in the way of a political powerbase, apart from the fact that he is the president's choice. And while he is no doubt an agreeable man, with many friends and few enemies, his only experience in government, when he was trade minister under Mario Soares and presided over a sharp deterioration in the trade balance, is hardly an encouraging omen for the future

On the economic front, the austerity measures introduced as the counterpart to the credit from the International Monetary Fund are starting to have an impact, in the sense that the latest trade figures show some reduction in the trade deficit But while the government has had some success in slowing down the rate of inflation, it remains very high, and there is little prospect that it can be brought down to an annual rate of 20 per cent by the end of this year. Yet if the government does not meet this target, it will come under severe pressure from the unions to relax the 20 per cent ceiling on wage increases which was agreed in April this year.

Strike wave

As it is, there is already considerable social tension between workers and employers. As a result of inflation, the real incomes of workers in the first quarter of this year were some 5 per cent lower than a year earlier; but as a result of the credit squeeze, and the domestic recession, many employers are determined not to offer anything like the 20 per cent ceiling. The consequence has been an ugly wave of strikes in a number of sectors, which do nothing to improve the short-term economic situation, let alone Portugal's image as a suitable country for foreign investment.

Having swallowed the IMF's austerity programme, Portugal's main political parties should have every incentive to try to stifle their differences and to make the recipe work. But it would be idle to pretend that the new Prime Minister has not a very difficult task ahead of him.

New friends, Syria's President Assad (left) and Iraq's President Bakr (centre left) agree to bury their differences to concentrate their venom on Egypt's President Sadat (centre right), while Jordan's King Hussein is on good terms with virtually all other heads of state.

Growing tension among Arabs

BY ROGER MATTHEWS, in Beirut

THE CHANCES of a comprehensive Middle East peace agreement emerging from the trip by President Anwar Sadat of Egypt to Israel last November 19 appear to be fading fast. The culmination of that visit, the Camp David framework accord signed by the leaders of Egypt, Israel and the U.S. last month, has so far failed to attract broader Arab participation or any solid indications that under present conditions other nations are envisaging joining the process. As Egypt and Israel, with the U.S. as a full partner, edge closer to concluding the separate peace that all have insisted was never their aim, so the pressures on and tensions within the rest of the Arab world are increasing.

Perhaps that is the price that will have to be paid for effecting a basic change in Middle East alignments that, some would argue, had to occur if a start was ever to be made in breaking the log-jam of hostility and fighting that has threatened world peace four times in the last three decades. Such an argument, however, tends to be based on the assumption that once the two most militarily powerful antagonists have been removed from the conflict, all other parties will sooner or later be forced to accept the new reality.

That might be a more acceptable argument if it were not for the breadth of issues in the Middle East conflict, the range of nations they affect in subtly different ways and the complex and fast-changing pattern of relationship between the Arab countries. There is little better evidence of this than the summit meeting of Arab heads of state—minus Egypt which will not be attending—scheduled for this week in Baghdad and the even more dramatic announcement of the planned close military and political co-operation between Syria and Iraq. Such a venue for an Arab summit and such a rapprochement between two regimes that for the past decade have been in bitter opposition would have been unthinkable just six weeks ago.

Syria, though deeply angered by President Sadat's unilateral action, still would like to see a negotiated Middle East settlement, while Iraq has set the pace for the rejectionists, refusing to contemplate much less than the exercise of Arab rights through military means. That both countries have now acted together to seize the initiative reflects the depth of Arab disarray in the wake of Camp David and the absence of any one nation to which the others can look for firm guidance and leadership. If that proves to be the lasting consequence of Camp David then instead of lancing one festering boil the effect may be to cause a crop of smaller ones to break out across the face of the Middle East.

A touch of desperation

American diplomats have been working ceaselessly, and now perhaps almost with a touch of desperation, to convince the most immediately involved Arab nations that Camp David does offer light at the end of the tunnel and that it can form the framework on which a lasting and just peace could be built. Their essential and continuing problem has been the failure to demonstrate any concrete links between the Egyptian-Israeli document and the one referring to the so-called comprehensive settlement.

Israel has agreed to withdraw from all Egyptian land that was occupied during the 1967 war. Egyptian and U.S. diplomats say this is an important precedent and that what has been achieved on Sinai can also in time be applied to other occupied territory—that is, Syria's strategically important Golan Heights and, with rather more qualifications, Jordan's populous West Bank.

However, even the most sincere protestations of intention can make little headway against the most obvious shortcoming of Camp David which involves not just land but more importantly the future of the Palestinians. Without any formal link between the Egyptian-Israeli peace treaty and the right of the Palestinians to self-determination, the steps that Israel has agreed to implement on the West Bank and Gaza Strip are seen in many Arab capitals as a cosmetic gloss designed to salve President Sadat's conscience and ensure continued Israeli domination. Basically Israel has promised to end its military government, withdraw its troops to certain selected sites, permit local elections to a self-governing authority and allow the formation of a civil police force, but has declined to discuss the future status of the West Bank and Gaza for another five years. So adamant was Israel on keeping control of East Jerusalem, the site of the second most holy place in the Islamic world, that it was not even mentioned in the Camp David accords.

Predictably the Palestine Liberation Organisation, headed by Mr. Yasser Arafat and recognised by all the Arab states in 1974 as the sole legitimate representative of the Palestinian people, rejected the Camp David accords out of hand. More worryingly from the American point of view, there is no indication that other perhaps more moderate Palestinian notables, living on the West Bank or outside it, are any more impressed. If Camp David represented the peak of American achievement in putting pressure on the Israelis, what hope was there of further progress once the weight of Egypt had been removed from the negotiating balance, asked a member of the Palestine National Council last week. He saw Camp David as shutting the door to an independent Palestinian state rather than as an opening of which later advantage could be taken. His view, he felt, was confirmed soon after Camp David when Israel's Prime Minister, Mr. Menahem Begin, said that the freeze on Jewish West Bank settlements would last for three months whereas President Carter had understood it would last for five years.

This unresolved issue remains a major handicap to U.S. diplomatic efforts in the Arab world, yet is of relatively minor importance when ranged alongside the basic Arab conviction that Mr. Begin has no intention of surrendering the West Bank which to him is Judea and Samaria, part of the biblical land of Israel. Until some pledge is given that Israel will eventually withdraw totally from the West Bank—coupled with whatever range of security guarantees and whatever links with Jordan—it is unlikely that King Hussein, the prime target of U.S. diplomacy, will agree to participate. In spite of all his well-known sympathies for the West, the 42-year-old Hashemite monarch has not survived 26 years on the throne of a now truncated Jordan by gambling too heavily against the odds. He is the only Arab leader who is on good terms with virtually all the other heads of state, a survival technique dictated by his lack of military clout, his economic dependence on external financial aid and the fact that more than half the population living on the East Bank are Palestinians.

While as a matter of honour and prestige the King would like to restore at least his technical sovereignty over the West Bank and East Jerusalem, quite apart from the economic benefits that would result, he will undoubtedly have been duly impressed by the sudden and important rapprochement between Syria and Iraq. Jordan has a common border with both countries, and has slowly been moving towards greater economic integration with Syria.

Eastern front

The extensive list of bitter and unresolved issues between the two rival Ba'athist regimes in Damascus and Baghdad is obviously a major qualification to the significance of the agreements between Syria's President Hafez Assad and Iraq's President Hassan al-Bakr last week, but it does nonetheless raise the possibility of a far more potent eastern military front that will limit the opportunity for Israel to reduce its military expenditure. It also raises further difficulties for Saudi Arabia which is caught in a multi-directional pull between its desire to keep the spread of communism at bay (and therefore to sustain President Sadat), to maintain a good working relationship with Washington, to achieve self-determination for the Palestinians (whom it also fears), to promote Arab unity, and to exercise the leadership that its vast wealth allows.

Irritation at Saudi Arabia's apparent vacillation and unwillingness to make its position clear while turning the financial tap on and off without prior notice, has become more noticeable in Damascus and Amman. In both countries occasional hints of nostalgia for the pan-Arab style, if nothing else, of the late President Gamal Abdel Nasser of Egypt can be detected. With all his glaring faults, it is said, at least he gave meaning to Arab nationalism and articulated it. Whatever meaning it still has will probably only become partially clear in Baghdad this week with the energies and attitudes of many of the participants already sapped by intercommunal disputes. Algeria and Morocco are deeply involved in their fight over the Western Sahara, the fading regime in Tunisia is anxiously watching for Libyan "subversion," a renewed flare-up between Egypt and Libya is always on the cards. The two Yemens are in bitter conflict, and of immediate concern to all the eastern and oil-producing states is the course of events in Moslem but non-Arab Iran.

However what had at first seemed likely to be a three-way division at the summit with Iraq representing the rejectionist approach, Syria and like-minded states the "steadfast" policy, and Saudi Arabia, Sudan, Morocco and the Gulf states the most moderate and pragmatic attitudes, may now be narrowing down to just two main fronts. That is those who propose firm action against Egypt, including its expulsion from the Arab League, and those who argue for patience in order for the U.S. to be given the chance to wring further flexibility out of Israel.

In the last resort, of course, each country will be guided primarily by its own self-interest with the lamentable example of the chaos in Lebanon a constant reminder to all those regimes which are still seeking to establish their legitimacy in the face of potentially divisive internal elements. And herein perhaps also lies another underlying fault of Camp David. Whereas Egypt has an identity established over centuries and a relatively homogeneous population, the other three Arab states bordering Israel—Syria, Lebanon and Jordan, are all relatively recent creations of arbitrary British and French decisions.

Higher price

For them the price of a peace agreement with Israel must always remain higher than that which need be asked by Egypt, and the temptation to accept the *status quo* rather than a risky gamble is correspondingly greater: just as there has to be sympathy for Egypt's overwhelming need for peace in order to tackle its massive economic and infrastructure problems, so there has to be understanding for some of those countries which say "no" to Camp David without being able to advance any more positive alternative. They are the ones which are in danger of being pushed into more extreme positions this week, a danger which has been increased by the latest Israeli statements on the West Bank and East Jerusalem. It may be too late for President Sadat to exercise much political leverage on the Israelis, but there could still be time for the U.S. to exercise a more emphatic influence on Mr. Begin. History shows how absurd it is ever to make predictions about the Middle East in general and Arab alignments in particular and those made by Mr. Sadat and Mr. Begin in Washington last month on the increased chances for overall peace in the region may yet prove to be no exception.

MEN AND MATTERS

All's well that ends solvent

A certain mystery shrouds the renewed fortunes of the RAC Club in Pall Mall. From near-bankruptcy a year ago it has moved, under the attentions of the new executive chairman Sidney Lesser, to a position so hopeful that a total of £2m is to be pumped into it.

Where, the question asks itself, is the money coming from? At one stage some kind of deal was being negotiated with European Ferries. But, according to Lesser, European Ferries has withdrawn. The funds, he explained at the Motor Show last week, were now coming "from our own resources."

RAC spokesmen themselves sounded baffled by this phrase. "Everything's been reorganised," one said vaguely. How this process conjured up £2m, no one could explain. European Ferries was equally inscrutable, except to offer a different version of events. It had not just been a question of "taking over the top floor," said a spokesman. "The firmest plan was to buy the club and lease it back for them to use the main club areas. The rest would have been converted into apartments and sold off."

And who had cancelled the arrangement? "If they say we withdrew, fine," answered European Ferries cagily.

However, it has been managed and whatever are the RAC Club's resources, the club's rescue is a triumph for Lesser, 66, a man with something of a reputation as a company miracle worker. And if the old guard is still a trifle sniffy about the 2,000 new corporate members—some of them women—Lesser can retort that he has preserved the 75-bedroom club intact, and that the new restaurant is so popular diners have to book three days in advance.

"It used to be a mausoleum. We've had a revolution in less than a year," he says proudly.

Hors de combat

"We do a lot of business with the RAF so I agreed to join them for parachute training. The training is superb," Cyril Bleasdale, managing director of Freightliners told me. "So, I'd like to add, is the health service."

The unfortunate Bleasdale was speaking from a hotel in Truro where he has been convalescing from what the RAF terms a "customer relations exercise." Bleasdale, 44, tells me that on his first jump he found himself caught in a strong cross wind. "I'm hoping to get back to work in another four weeks, but it'll be a year before I walk properly again."

He hopes the incident will not fracture good relations between the Air Force and Freightliners, recently acquired by British Rail. Would he be jumping out of aeroplanes again? "I reserve judgment," he said without acrimony.

Man of letters

Who is Alfredo Galea MHCIMA, MBIM, MMIM, FCFA, FIPC, MRSH MInst.M, FInst.D, FAAI, FIPur.M (MIMA), (MIHA) (MEFME) FInst.SM ?

The man floating on this sea of initials is, I learn the managing director of the British-owned hotel Villa Rosa in Malta and a member of the Maltese National Tourist Organisation. He is also, if I have managed to translate all those initials correctly—wait for it—a member of the Hotel Catering Industry Management Association, member of the British Institute of Management, member of the Malta Institute of Management, fellow of the Cookery and Food Association, fellow of the Institute of Production Control, member of the Royal Society of Health, member of the Institute of Marketing, fellow of the Institute of Directors, fellow of the Administrative Accounting Institute, fellow of the Institute of Purchasing Management (member of the International Management Association), (member of the International Hotel Association), (member of the European Foundation for Management Education), fellow of the Institute of Sales Management.

"I'm now waiting to be created a member of the Institute of Purchase and Supply, and a member of the Association of Cost and Executive Accountants," he tells me.

Quiet raspberry

Ron Travisano, one of the more iconoclastic figures in the U.S. advertising world, passing through London last week confided he was in trouble with President Carter. Previously he has run foul of Henry Kissinger and Richard Nixon, on both occasions for making reference to them in advertisements.

"Really in the States you can use any public figure you want, as long as you don't imply he's endorsing the product." Travisano told me. So what happened? "I implied that they endorsed the product. . ."

President of the Della Femina, Travisano and Partners agency, Travisano is generally regarded as a quiet man by comparison with the flamboyant chairman Jerry Della Femina—author of the irreverent book on advertising, Those Wonderful Folks Who Gave You Pearl Harbour.

But in similar vein Travisano does not mince words about the advertising world. He came of age, he tells me, when working for Young and Rubicam, one of the largest agencies in the U.S. "I suddenly realized I was standing in a room where two million bucks' worth of salary was discussing how many peas should be shown in an ad for canned peas. I thought then 'I've got this game beaten'."

He had no "belief system," he said, except perhaps this—and he blew a mute raspberry into the decorous atmosphere of the Hyde Park Hotel. "I don't know how you print that."

Travisano can afford gestures of this kind. He has just pulled off a hugely successful campaign in the U.S. for Blue Nun wine using mainly radio advertisements. "People said you can't sell wine on the radio," he said. "You can and it's cheaper."

Floating an idea

The legal profession is treating fears of flooding in central London with customary sang-froid. I read in the Law Society's gazette that the South Eastern Circuit Office has, however, prepared a contingency plan. "The main idea is that the courts should rise when the floodwaters do," reports the gazette.

Observer

هكذا من الأصل

FINANCIAL TIMES SURVEY

October 30 1978

The Netherlands

The Dutch are looking ahead to the 1980s with apprehension. They are aware that action must soon be taken if the country is to lay the basis for a prosperous society and secure economy in the years ahead.

;tarting o feel he ;inch

Reginald Dale ropean Editor

ITS first year in office, the Centre-Right coalition of Dries van Agt has begun to le the deep-rooted economic social problems that must resolved if the Netherlands retain its prosperity into 1980s. It is far too early to whether the attempt will ;eed.

r. van Agt has so far sur- d more easily than most ple expected last December n he assume l the leadership a shaky-looking coalition a Parliamentary majority hare two seats, and four es that many dissidents in its own ranks. After iths of tiresome haggling year failed to produce the e logical alternative, a ng Centre-Left coalition, country seems prepared to Mr. van Agt a chance.

n the surface, the Dutch ay lead an existence that ld seem enviable to most siders. Years of steady eco- ic owth fuelled by a large rvoir of natural gas have n the Netherlands one of world's highest standards of ng. The country has the ld's highest minimum wage. e per cent of the population be unemployed, but they cushioned by what is argu- the world's most extensive al welfare system. Life is lised.

ut most Dutch people are aware that it cannot go on before, that they have be- e trapped by their own pros- ity. A people whose liveli- d depends on foreign trade. y have become so rich that er and fewer people can rd to buy their goods. And gas will soon start running .

Few people contest that the spect for the 1980s, if nothing is done soon, is one of mounting balance of payments deficit, a weakening guilder, soaring unemployment and stagnating real incomes.

The steady collectivisation of the Dutch economy over the past 10 years and more has placed an increasingly heavy burden on the private sector. Tax and social security demands on employers have now raised wage costs to the point at which companies are finding it difficult, if not impossible, to operate at a profit. For exporters, the continuing strength of the guilder has tightened the squeeze still further.

The prime aim of the Government (and the unions) is to bring down unemployment, and generate new jobs for the future, while keeping inflation in check. But private industry has no money for job-creating investment and will have even less as unemployment rises because of the additional demands of the social security system. The Government could theoretically spend money to create jobs in the public sector, but apart from the likely inflationary effects, that would bring no relief to industry. Besides, the Government is committed to cutting back the growth in public expenditure, and has said it will do no such thing.

Both Government and the Socialist opposition, as well as the unions, now agree that it is essential to restore profitability to private industry and put a brake on the growth of the public sector. The differences are of method and degree. The argument is no longer whether to cut back the growth of public expenditure, but by how much.

The Government's answer is contained in a comprehensive medium-term programme for the three years to 1981, known as "Bestek '81," which it published this summer. Its principal objectives are to bring down unemployment from just over 200,000 now to 150,000 by 1981, and reduce inflation from its present level of over 4 per cent to 2 to 3 per cent during the same period. To do this, the Government says it plans to cut back the growth in public expenditure by Fl 10bn (£2.5bn), adding that immediate wage restraint will also be essential.

Once the adjustment has been achieved the growth of public expenditure is to run approximately parallel to the growth in national income. If, on the other hand, the adjustment is not made, the Government says it foresees serious social tensions and the need for "drastic measures" in the 1980s.

The national debate on the correct way ahead, in the light of "Bestek '81" is just getting under way. A Parliamentary session earlier this month approved the programme in principle, against Socialist opposition, but left many loose ends untied. The theme will be taken up again in the coming weeks when negotiations open for a new national wage agreement with the trade unions, whose co-operation will be essential if the Government's plans are to succeed.

Negotiations with the trade unions in recent years have tended to be not simply about wages, but to raise far wider questions about the nature of Dutch society. This is because the trade unions are only prepared to accept strict wage restraint, which they know to be necessary, in exchange for social reforms — and particularly reforms that increase trade union powers in one way or another.

After four years of Centre-left Government, the unions are steeling themselves for a tough battle with what they see as the rightist Government of Mr. van Agt, whom they are already accusing of creating a generally bad social and political atmosphere for negotiation. They do not like the way his Government has toned down reformist legislation, for example on excess profits tax, which it inherited from the previous administration, and they do not like many aspects of "Bestek '81."

The unions' criticisms of "Bestek '81," shared by the Lef as a whole, raise fundamental political issues that concern the merits of free enterprise versus dirigisme and individualism versus egalitarianism. It is an essential part of the Government's philosophy that, once profitability is restored, private enterprise will start investing again and jobs will be created. Private enterprise knows best where and how to make sound investments, in the Government's view.

This is not surprisingly rejected by the Left and the unions, who say that they must have abolute guarantees both that the investment is made inside the Netherlands and that it creates employment. In addition, they plan to use the coming round of talks to ask for a say in all future company investment decisions. They know it will be an uphill struggle.

In recent years capital has been flowing out of the country so fast that the Netherlands has now overtaken the UK and Canada to become the largest single foreign investor in the U.S. And it is not just multinationals that are investing abroad but medium-sized companies too.

But what if new investment is made in the Netherlands? The consensus among Dutch economists is that if the country is to earn its living in the years ahead it must go for high technology industries like communications and electronics, where it has a chance of staying ahead of its international competitors. But even in an expanding company like Philips, the labour force is being reduced world wide, even in areas where wage costs are lower, as technology advances. In 1972 it took almost 12 hours to assemble a colour TV set, today it takes four.

Other sectors that have been suggested as pacemakers for the Dutch economy in the coming decade are anti-pollution equipment, energy-saving equipment and alternative sources of energy, and the building of special ships for gas transport. But these are unlikely to be highly labour intensive. The unions' answer is to demand radical reductions in working hours.

The second question is the sharing out of the sacrifices necessitated by the standstill in purchasing power that the Government is demanding. If there is to be such a standstill, the Left argues, then it must be achieved by raising the real incomes of the lowest paid, freezing those in the middle and reducing those of the higher paid. Here, the argument is really about where the higher paid start.

The income of the so-called "modal worker" (a skilled, married man with two children) is now Fl 28,500 (just over £7,000 a year). The unions want the squeeze to start at around Fl 40,000, the Government has spoken of sacrifices above Fl 50,000, while right-wingers are talking of Fl 70,000.

It is not just a question of figures. In the first place, there are a great deal of people earning between Fl 40,000 and Fl 50,000. In the second, while the Government and the Right see sacrifices by the higher paid as an economic expedient, for the Left it is a matter of principle that should be implemented as a continuing process.

The Dutch like to talk about the future of their society. They have a gift for social experiment and innovation. There is a widespread awareness that their country, and others, may be on the verge of an age in which many people may only have half a job, perhaps shared with somebody else, and many others none at all. Already there is talk of a 4½ day week, long sabbaticals for ordinary working people and retirement at 62.

There is a widespread vision of a Netherlands in which a few key industries earn the national wealth and the majority of the population are teachers, actors, piano-teachers, nurses and social workers. A recent report by the Commission for Consumer Affairs drew a picture of the Netherlands in 1990 as a land of cycle-riding, do-it-yourself enthusiasts happily caring for the elderly in an ageing population. The problem is to get there.

Everyone knows the next few years will be vital. It is then that the investments will have to be made to secure the country's economic base for the coming decade. If Mr. van Agt lasts out his full term until 1981, it will be during the term of his Government that the crucial decisions will have to be made. Some believe that the task is beyond the capability of any Dutch Government, let alone one that rests on so small a majority. Mr. van Agt faces a daunting responsibility.

CONTENTS

BASIC STATISTICS

Area	14,718 sq. miles
Population	13.85m.
GNP	Fl 259bn
Per capita	Fl 18,675
Trade (1977)	
Imports	Fl 115bn
Exports	Fl 107bn
Imports from UK	£2.14bn
Exports to UK	£2.49bn
Currency = Guilder	£1 = Fl 4.03

THE NETHERLANDS II

The economy

A modest upturn

RECENT WEEKS have brought signs of a modest upturn in the Dutch economy. Earlier this month, the Central Bank put out a cautious quarterly report suggesting that economic activity appeared to have increased in the second quarter.

Similar noises are coming from private banks. Even second quarter statistics, however, are still incomplete.

In its latest economic review, the ABN Bank, the country's largest, drew some encouragement from the increasing level of industrial output, which appeared to be 4 per cent up on the first quarter, a rise reflected in an increase in capacity utilisation from 78 per cent in January to 80 per cent in late spring.

"The gradual shift in the nature of the problems facing industry — from insufficient demand to a shortage of labour —also indicates the outline *trend of a slight improvement* in economic conditions," according to the bank.

Official estimates are that the economy should grow by 3 per cent in the second half of the year, after a 2 per cent increase in the first, giving 2.5 for the year as a whole. The Government is still optimistic that, with the help of the record public sector deficit provided for in budget presented last month, the 3 per cent growth rate can be maintained for next year as *a whole. But private economists* are sceptical, suggesting the rate is more likely to be 2 to 2.5 per cent.

They point to persistent Government over-optimism about growth rates and export prospects. The Government, for instance, is hoping for a 6 per cent growth in exports next year, to match the predicted increase in world trade. But for the last few years Dutch exports have failed to expand as fast as world trade and the country's share of international commerce has been declining.

At home the fragility of the consumer *boom early* in the year has been underlined by a decline in consumer confidence in recent months and uncertainty over the outcome of the forthcoming round of wage negotiations.

Faltering exports, unemployment, declining competitivity, ability to compete, and the squeezing of profits—all interrelated—are the factors that worry Dutch economists most. Last year, the previous government was expecting a balance of *payments surplus on current* account for 1978 of Fl 4bn (£1bn), but the first half has produced a deficit of Fl 1.7bn. The performance is generally expected to improve in the second half, but full-year figures are not expected to show the country doing much better than breaking even, perhaps with a modest surplus of around Fl 500m.

The relentless rise in wage costs, due largely to the country's high levels of taxation and *social security payments*, combined with the strength of the guilder, have been pricing Dutch goods out of world markets and cutting profits to the bone. Companies are not investing and far too few new jobs are being created.

Unemployment, now at just over 200,000, or 5 per cent of the labour force, may not reach the official estimate of 225,000 by the end of the year. But the prospect is for rates of 255,000 to as much as 280,000 in 1982 if no action is taken. The Government's aim to reduce it to 150,000 by 1981, with the aid of the three-year plan published this summer, has been greeted with some scepticism. And these figures taken no account of hidden unemployment which may be three or four times larger.

This month's 2 per cent devaluation of the guilder against the Deutschemark in the European currency snake is not expected to relieve much of the pressure. A further downward alignment against the Deutschemark may be necessary if, and when, the new European *Monetary System* becomes operational.

But the country still has massive natural gas reserves and a relatively low inflation rate, and the underlying tendency for the time being is for the guilder to remain strong against all other currencies except the star performers like the Deutschemark.

In the longer term, as the gas starts to run out and the trade balance deteriorates, the general consensus is that the pressure on the guilder will be downwards. For the moment, the Government's dilemma is that while a strong guilder hurts industry, it is a key factor in the fight against inflation, and it wants to master inflation before the guilder goes into reverse in the years ahead.

The low inflation rate, aided *by the strength of the guilder*, is one of the economy's few bright spots. Prices rose by 4.4 per cent in the 12 months to September and should be down to 4.2 per cent for the year as a whole. The hope is to bring the figure down to 4 per cent next year. *But that is still likely to be* higher than the rate in West Germany, the Netherlands' chief trading partner.

So far in its fight against inflation, the Government has been helped by extreme moderation in wage demands by the trade unions. This year, wages are only rising by between 6 and 7 per cent. But the unions are not going to continue to accept what is virtually zero real wage growth unless new jobs are created—at a time when *the numbers* coming on to the labour market are increasing.

The unions are likely to attach the same condition to their approval for the Government's three-year plan. The danger is that the Government will find itself obliged to widen the public sector borrowing requirement still further in the interests of job creation, at the risk of rekindling inflation.

Despite the recent signs of improvement, the outlook—as *Mr. Frans Andriessen, the* Finance Minister, admitted last month—remains "gloomy."

Reginald Dale

Foreign policy

Consistent attitudes

DUTCH FOREIGN policy has long been one of the most consistent in Western Europe, largely immune to successive changes of Government. The overwhelming national consensus has been that the country's interests are best served by membership of an integrated European Community and a strong NATO—a fortress from within which the country can most effectively attempt to sally out to influence the course of world affairs in its own relatively small but distinctive way. *If the purpose of NATO membership* is to prevent domination by the East, in Dutch eyes the purpose of maximum integration in the EEC is to prevent domination of the smaller members by their bigger partners. Economically, it would be unthinkable for the Dutch, more dependent on exports than almost any other nation, to settle for less than the freest possible access to their neighbours' markets.

These interests secured, the *Dutch have felt free to take a* view on a wide range of world issues, some of which, like Vietnam, may be of little direct concern to the Netherlands. Despite their genuine Europeanism, they have not always felt that Community membership, and the burgeoning process of nine-nation political co-operation, necessarily requires them to take the same line as the other eight members. The Dutch, like the Swedes, frequently see themselves as the conscience of the Western world. There has often been a strong moral content in Dutch attitudes that is not always reflected in those of their partners.

In an interesting analysis published earlier this month, Mr. Jerome L. Heldring, *one of the country's leading* foreign affairs specialists, detects a note of change after so many years of continuity. He argues that following the great Dutch social revolution of the mid-1960s, in which traditional standards and disciplines col*lapsed and the Dutch church* was radicalised within a decade, the country has become imbued with new spirit of neutralism and pacifism, particularly among the young.

If anything, Mr. Heldring maintains, the force of moralism *and idealism as factors in* Dutch politics has become stronger than ever before as a result of the social changes that began in the 1960s. Recent developments would appear to bear him out, at least in this respect. Both moralism *and idealism have certainly* been brought sharply to bear on each of the three foreign policy issues—South Africa, nuclear non-proliferation and the neutron bomb—that have provoked major debate in the Netherlands in the past year.

Nuclear issues continue to arouse enormous passions in the Netherlands. The argument over safeguards on an enriched uranium deal with Brazil—only recently solved by shelving the issue—was one of the longest running political debates of the year. The neutron bomb has been even more politically disruptive. In March, Mr. Roelof Kruisinga resigned as Defence Minister on the issue after only two and-a-half months in office. *Mr. Willem Aantjes, floor leader* of the Christian Democrats, has even suggested that the country should leave NATO if the bomb is deployed in Europe, and earlier this month Parliament obliged the Government to tell President Carter it did not want the bomb introduced into the NATO arsenal.

Decision

The Government's, as opposed to Parliament's, position is *rather less antagonistic*. Although it reacted with concern to President Carter's decision this month to keep his options open on the bomb, it has said that the decision is an American responsibility. It believes that the objective should be to bargain the weapon away in the strategic arms limitations (SALT) with the Soviet Union, leaving a final decision open if this fails.

The anti-nuclear lobby is not having it all its own way. The Government has rejected moves to free Dutch soil of all nuclear weapons—a cause espoused but never effectively pursued by the previous Centre-Left coalition. It would be unfair, the Centre-Right Government says, to place the whole nuclear burden on other countries' shoulders. Such a move would only be considered in future, in full consultation with the other NATO allies, if conventional technology could provide weapons of equivalent effectiveness. Meanwhile, the Government is *fulfilling the NATO commit*ment to annual 3 per cent increases in defence expenditure and there is no reason to suppose that it does not remain firmly wedded to the Alliance.

The same goes for the European Community. A recent *opinion poll published by the* Avro broadcasting company showed that 71 per cent of the population felt that more co-operation should be sought at European level, the vast majority believing such co-operation to be not only *desirable but "absolutely* essential." Nevertheless, the poll confirmed only too clearly how far the original European fervour has ebbed away. Only 26 per cent said they were "positively interested" in EEC matters; only half knew the *Community's initials; and* 48 per cent "did not really know" that Denmark had joined.

Perhaps surprisingly, this apparent apathy is reflected in the supposedly avidly pro-European Dutch Parliament, which hardly ever debates EEC *affairs. The Parliament is only* now, after over 20 years in the Community, thinking about the introduction of EEC legislation scrutiny procedures on British or Danish lines, and that largely because interest was stirred by a recent visit of the House of Commons Scrutiny Committee. The Avro poll suggested that 92 per cent of the population either would or might vote when the first European elections come round next June, and *almost half said the poll would* increase their interest in European affairs. But there is an undercurrent of scepticism as to where it will all lead.

A major reason for the lack of widespread interest in Europe is almost certainly the fact that EEC membership has never been really controversial in the Netherlands. There seems little, for example, to separate the European policies of the present centre-right Government from those of its centre-left predecessor. Both Government and opposition, for instance, share a common concern about the consequences of the Community's enlargement to include Greece, Portugal and Spain. As a relatively small country constantly suspicious of big power collusion, the Netherlands is particularly worried about a loosening of the Community's institutions, intended to guarantee all members, however small, a real say in joint decision-making.

Continuity has also been largely maintained on two other main foreign policy issues—South Africa and Third World development — despite initial appearances to the contrary. The new Foreign Minister, Mr. Christoph van der Claauw, first took what seemed to be a much softer line on South African sanctions than his predecessor, Mr. Max van der Stoel. He still does not agree with Mr. van der Stoel that the time has already come for sanctions to be imposed, but he now accepts that the Netherlands will have no choice but to "support and promote" sanctions in the near future if there is no change in South Africa's racial divisions.

The new Minister for Overseas Development Mr. Jan de Koning, also appeared to be going back on the policies of his predecessor, the controversial Mr. Jan Pronk, when he promptly removed five countries from the Dutch list of 17 "target nations" which receive special aid priority. But he maintains that the main reason was to enable him to continue Mr. Pronk's policies, which were simply over-stretched by the number of countries on the list. The new policy thrust, as instigated by Mr. Pronk, is to spend much

CONTINUED ON NEXT PAGE

Politics

A surprising coalition

·W PEOPLE were taking bets the durability of the new tre-Right coalition that took ·e· in The Hague last ember. Everything about it .ed wrong.

ı the first place, it seemed the country had had the ng Prime Minister foisted it. To most people the ous winner of the elections had led to the new Govern- it's formation was Mr. Joop Uyl, the popular Labour ·y leader. Yet Mr. den Uyl ending four years of essful premiership to be- e leader of the Opposition. that despite a spectacular ory in the May elections in ch the number of his Party's s had shot up from 43 to in the 150-member second nber. Mr. Dries van Agt, incoming Prime Minister, seen his Christian Demo- s, in their new CDA alliance, ance by a single seat from 'o 49.

qually surprising was the coalition's CDA - Liberal position. Many Christian nocrats would have strongly ferred to continue their vious Centre-Left coalition the Labour Party—indeed istian Democrats and Socia- s had spent most of the en months since the election ng to do precisely that.

small group of seven dissi- t Christian Democrats had erly opposed the last-minute tch to the Liberals, whose cies are comparable with se of Britain's Conservatives. several leading Christian nocrats had turned down in- itions to serve in the new inet. Yet Mr. van Agt was ing to govern with a majority wo. To make matters worse. Christian Democrat rebels e led by the Party's floor der in the second chamber, Willem Aantjes.

Ir. van Agt himself was rela- ly a political unknown. As ister of Justice in the out- ng administration he had en a tough anti-terrorist line ing a succession of Moluccan ges, but he had played a troversial role in the botched est of alleged war criminal ter Menten and angered ny people with a threat not sign a new Bill legalising abortion into law even if it were passed by Parliament. He stood to the right of the heterogeneous grouping that makes up the Christian Democrat Appeal.

Survived

But Mr. van Agt has not only survived—his Government looks relatively stable. One might suppose that Mr. den Uyl occasionally regrets that he allowed the long months last year in which the Christian Democrats and Socialists bickered over personal and political aspects of their proposed new union to end the way they did.

True, Mr. van Agt has had his nasty moments. His first Minister of Defence, Mr. Roelof Kruisinga, resigned after only two and a-half months in office in protest at his Cabinet colleagues' reluctance to take a firmer line against the neutron bomb.

In the summer, at the time of the trial of Anatole Schcharansky, the Russian dissident, Mr. van Agt was astonished to learn that a thinly attended Cabinet meeting, chaired in his absence by his deputy, Mr. Hans Wiegel, the Liberal leader, had decided to "freeze relations" with the Soviet Union. A subsequent policy appraisal concluded there was no way of doing this—short of taking the drastic step of breaking off diplomatic relations with Moscow—and the whole affair was considered, with some embarrassment, best forgotten.

The Christian Democrat rebels have played up in Parliament, particularly on nuclear issues like the export of enriched uranium to Brazil and the neutron bomb. Mr. Aantjes has gone as far as to suggest that the Netherlands might have to leave NATO if the neutron bomb were deployed in Europe, which can hardly be said to be CDA policy.

The result has sometimes been the emergence of two policies, one backed by the Government and the other by Parliament, on controversial issues—for example on the neutron bomb again earlier this month. But the rebels have not tried to bring the Government down. It is enough perhaps that Parliament provides them with a platform where they can convince their supporters that they have not really sold out to the right wing despite their party's coalition with the Liberals.

THE DUTCH PARLIAMENT

PARTIES	Seats
Labour Party (PvdA)	53
Christian Democrat Appeal (CDA)	49
Liberal Party (VVD)	28
Democrats 1966 (D'66)	8
Political Reformed Party (SGP)	3
Political Radical Party (PPR)	3
Communist Party (CPN)	2
Reformed Political Party (GPV)	1
Farmers' Party (BP)	1
Democratic Socialists 1970 (DS'70)	1
Pacifist Socialist Party (PSP)	1
	150

The CDA is made up of the Catholic People's Party (KVP), with 26 seats, the Anti-Revolutionary Party (ARP), with 13, and the Christian Historical Union (CHU), with 10.

Another factor is almost certainly the general feeling in The Hague today that the Dutch voter is tired of political upheavals. The prestige of Dutch politicians sank to a very low point during the protracted quibbling over a new coalition last year, and any MP who risked starting the whole thing off all over again by voting against his own Government would be in for a fair amount of odium all round.

The general view in The Hague is that the Government is safe for the time being, although it is not totally excluded that Mr. van Agt might put a foot wrong as a result of a mistaken sense of security. "He might surprise himself," said one observer.

Mr. van Agt has proved himself a surprisingly adept parliamentarian during his spell in office. Many of his other Ministers have been much less impressive. But the Prime Minister has shown considerable skill in coolly disarming Parliamentary attacks, even if he in doing so he has sometimes enraged Mr. den Uyl and put up the backs of less partisan observers. He recently refused to debate an important domestic issue with a Parliamentary oponent because, he said, "You know much more about it than I do."

The new Government has launched a major three-year economic plan to restructure the country's economy, and has more or less completed work on three major innovative social measures that have long been at the centre of Dutch political debate—an excess profits tax, reform of company works councils and new investment incentives. A fourth—land reform—has been allowed to slip from sight. The new measures are watered down versions of plans put forward under the last Government and the changes have not pleased the Left and the trade unions. But they represent a success for Mr. van Agt.

Gains

As the major coalition partner the CDA is doing its best to demonstrate that it has recaptured the strategic centre ground of Dutch politics that the three main confessional parties were coming close to losing in the early 1970s.

Now the Christian Democrats are showing gains at the opinion polls and in local elections, mainly at the expense of their Liberal partners. The reason seems to be that Right-wing Christian Democrats who deserted the CDA for the Liberals when it was in coalition with the Socialists are returning to the fold now that the link with the Left has been broken. It is ironic that it should be the Liberals, the cause of their reassurance, who are losing the votes.

Another factor could be the elevation of the youthful Liberal leader, Mr. Hans Wiegel, to the post of Deputy Premier and Minister of Home Affairs. The move has removed the vote-catching Mr. Wiegel from day-to-day party politics.

The Christian Democrats' success with public opinion is another reason why an early election (the next is due in 1981) is not considered likely in The Hague. The Christian Democrats are happy in the saddle, the Liberals do not want to face the voters in their current mood, and the Socialists will probably want to wait until the effects of the Government's public spending cuts are felt.

It was in apparent recognition of this that Mr. Jaap Boersma, a prominent Left-wing Christian Democrat, resigned from Parliament this month. Mr. Boersma's action seems to have been due to his assessment that a new CDA-Socialist coalition, his preferred Governmental formula, had receded into the distance.

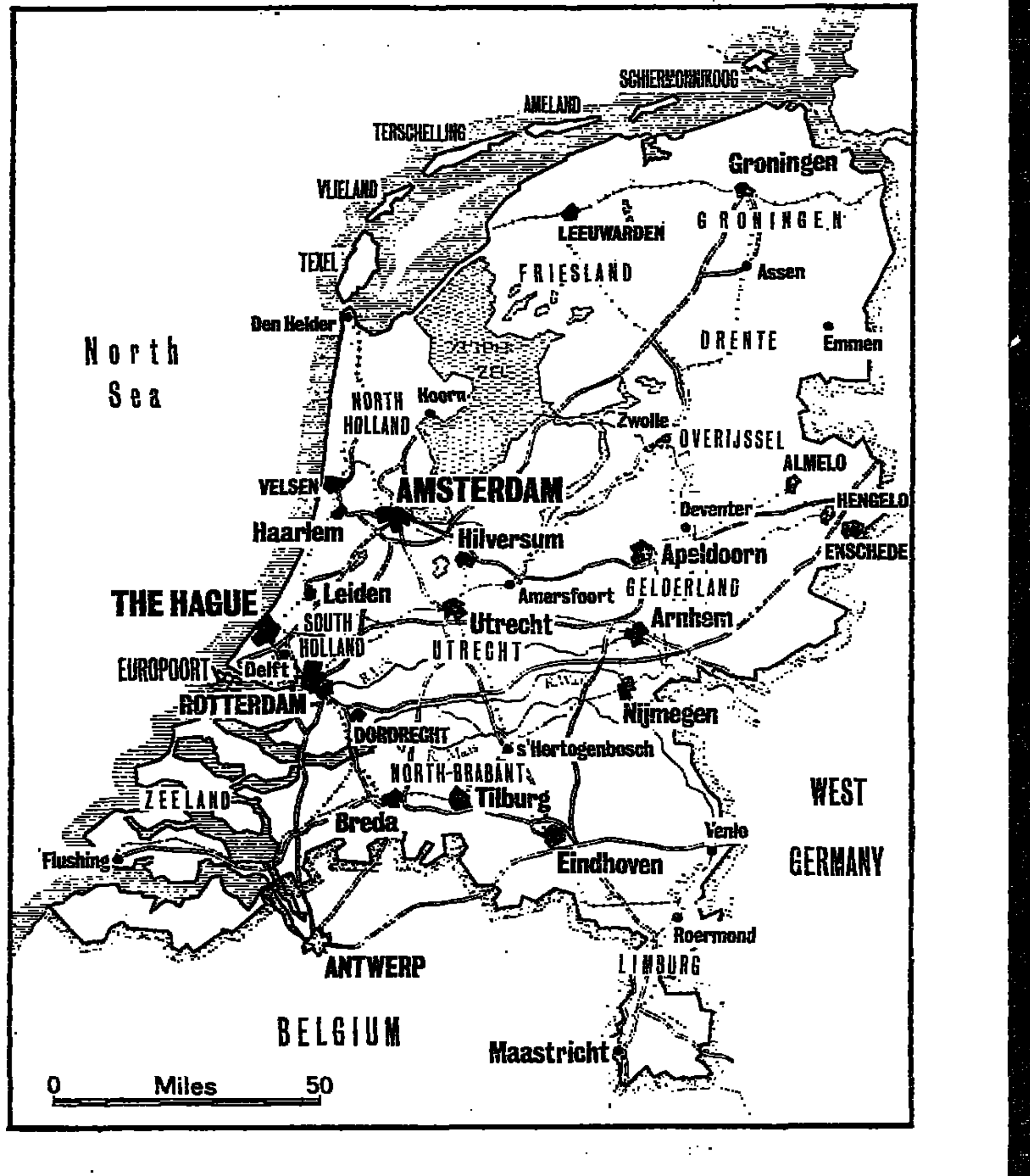
But the next few months are unlikely to be plain sailing for Mr. van Agt. The explosive issue of abortion lies immediately ahead. The position is that the Government is meant to come up with a new draft law legalising abortion before the end of the year. If not, Parliament will take the initiative.

The problem is that the coalition is deeply split. The Liberals, although they confused everyone by voting against the last draft law in the Senate, are in favour of abortion, as are the Socialists. The Christian Democrats, and above all Mr. van Agt, are not.

More serious for the longer term, a confrontation is brewing with the trade unions when the annual round of wage negotiations gets under way in a few weeks' time. The trades unions are angry at the way legislation like the excess profits tax, to which they attach the greatest importance, has been tampered with, and feel the Government has not created a healthy negotiating atmosphere.

Last week Mr. Wim Kok, leader of the largest trade union federation, warned that the unions would no longer be able to exercise restraint in their wage demands if they faced "an arrogant Right-wing Government." But wage restraint is at the heart of Mr. van Agt's economic programme. He could be facing a severe test of his political skills this winter.

R.D.



Attitudes

CONTINUED FROM PREVIOUS PAGE

more time in preparatory work, project identification and evaluation than in the past, when there were criticisms that the country's generous donations were not always ending up at the right destination.

The countries removed from the list—Cuba, Jamaica, Peru, Colombia and Tunisia—were dropped on the grounds that their incomes per capita all now exceed $550 a year, a criterion endorsed by the World Bank. In Cuba's case it was specifically stated that the reasons were also political in view of continuing Cuban military activities in Africa. Although aid for Cuba has long divided right and left in the Netherlands, in present circumstances the decision aroused little protest.

The new Government has said it will maintain the former "aid norm" of 1.5 per cent of net national income, a commitment which placed the Netherlands second after Sweden in international league table of aid donors last year. The main difference in approach will largely be one of political tactics. The new Minister has said he will work much more closely with his EEC colleagues, rather than riding out ahead of the posse like Mr. Pronk. Many Third World countries will be disappointed to hear that—the Netherlands' European partners will not.

R.D.

Banking

Outlook favourable

AFTER A successful first half, during which profits generally increased faster than business volume, the Dutch banks are confident that the second half of 1978 will also prove favourable. Pressure on the guilder within the European joint float in recent weeks has disturbed the even course of the Dutch currency, however, and the Netherlands central bank has twice been forced to increase bank rate.

With the exception of Amsterdam - Rotterdam Bank (Amro) and the Centrale Rabobank, the major Dutch institutions saw profits grow more rapidly than balance sheet totals. Not all business is recorded in the balance sheet and the banks apply different accounting methods and have different areas of activity, but this comparison does provide some measure of their performance. Net profits at Rabo showed the most subdued growth, rising only 5 per cent on an 11 per cent increase in assets while at Amro profits were 18 per cent higher on a 21 per cent bigger balance sheet.

A stronger profit performance was shown by ABN, where the profits increase was 22 per cent against only 9 per cent for assets. Nederlandsche Middenstansbank (NMB) reported a 16 per cent rise in profits against 14 per cent in assets. Performance was even better among the smaller institutions, with Slavenburg raising profits 21 per cent on a 5 per cent larger balance sheet total, while Nederlandse Credietbank reported increases of 28 per cent and 7 per cent. Both Amro and ABN announced higher interim dividend payments and expressed optimism for the second half of the year.

Uncertainty on the foreign exchange and capital markets in the past few weeks may have upset the banks' forecasts, which were often made conditional on their being able to maintain credit margins. After the joint float currencies initially moved in unison against the declining dollar, the guilder came under pressure within the European float in September, and required substantial official support.

The central bank was finally forced to raise bank rate and the other official lending rates by 1 per cent on September 26 and by another full point less than three weeks later on October 13. The first increase removed much of the pressure on the guilder but Dutch money market rates remained well into double figures.

Controls

Despite the cautiously favourable report on the levels of Dutch economic activity contained in the central bank's latest quarterly report, the economy remains sluggish. The bank nevertheless intends to retain its controls on credit growth. After discussions with the banks in the first week of October, the central bank has confirmed it will maintain its curbs until March 1979. Credit growth which is not financed by capital market borrowing is limited to an annual 8 per cent. Prompted by these limits on short-term financing, the banks have continued to increase their share capital by issues, private placements and stock options.

The Dutch banks moved higher in 1977 in the list of world banks compiled by the *American Banker*. On the basis of deposits, Rabo was the leading Dutch institution in 26th place, up from 31st the year before. ABN fell below Rabo and was 27th compared with 29th. Amro rose to 28th from 32nd. No changes occurred within Holland in the ranking of the major Dutch banks. Taking balance sheet totals as the basis for comparison, ABN continued to head the list followed by Rabo, Amro, NMB, NCB and Slavenburg's.

The major banking development in recent months has been ABN's announcement in August of a $82m bid for the entire share capital of Lasalle National Bank of Chicago. ABN has reached agreement in principle to acquire the 84 per cent holding of GATX Corporation in Lasalle. It expects to gain the acceptance of the holders of another 14 per cent of the capital and it will offer the remaining 2 per cent of shareholders the same terms and conditions. This is the most substantial move by any Dutch bank into the U.S. market and reverses the post-war trend of U.S. banks buying up stakes in Dutch institutions.

Lasalle, with assets of $852m, is number 194 in the list of U.S. banks. ABN is the most internationally orientated of the major Dutch banks but the successful conclusion of the Lasalle deal will mean a major addition to its operations. It already has substantial holdings in banks in Saudi Arabia, France and Switzerland as well as more than 200 branches in 40 countries. Previously, the major Dutch involvement in U.S. banking had been Amro's 17 per cent stake in European American Bancorp. European American was set up by Amro and five of its partners in the European Banks' International Company (EBIC) consortium.

The flood of new foreign arrivals on the Amsterdam banking scene has slowed to a trickle although two new names have made an appearance. Amsterdam-American Bank, a subsidiary of the U.S.-based Mid-American Credit Corporation, opened an office in Amsterdam earlier this year. Amsterdam-American specialises in financing trade with Latin America. The announcement by the Banco de Vizcaya earlier this month that it plans to set up an office in Amsterdam opens up interesting perspectives. The Spanish bank could be the first of many as Spain prepares for membership of the European Community.

The arrival of more foreign banks will strengthen the Dutch banks' argument that competition is tough enough without the setting up of a State-owned "Postbank." Given the diversified nature of the banks' activities though, they have been able to build up strong positions in certain market segments.

According to an article published recently in the weekly Economic Statistical Reports by Professor M. P. Gans of Delft University, Amro and ABN dominate the new issue market to the detriment of industry. The two banks, and their merchant bank subsidiaries, are reluctant to advise companies to come to the stock market since the banks themselves raise funds on the capital market on a large scale, the professor argued. The companies might also want to redeem bank loans with the proceeds of public issues, he said. The two banks dismiss these claims and say their problem is persuading unwilling companies to seek a stock exchange quotation.

The explain their predominant position in this sector by their technical expertise and placing capacity—both of which could be developed by other banks if they wished.

The banking world continues to attract top names from other sectors. Following the move of the EEC Farm Commissioner, Mr. Pierre Lardinois, to Rabo and of Mr. Coen Oort, Holland's Treasurer General, to ABN in 1977, two more prominent figures have joined banks. In a controversial move Mr. Wim Duisenberg, Finance Minister in the last government, decided to join Rabo only months after handing back his Minister's portfolio and becoming a simple MP. Dr. Johannes Witteveen relinquished his post as managing director of the International Monetary Fund and is to serve as an adviser to Amro.

Charles Batchelor
Amsterdam Correspondent

The stock market

Trading is hesitant

LAST MONTH'S budget and the currency squalls that blew up around the guilder shortly afterwards have combined to depress the Dutch stock market. Between April and mid-September share prices in Amsterdam were showing gains of more than a fifth with the bourse index for industrial shares up at a 1978 peak of 93.1. Currently this index stands at around 80 in thin and nervous trading.

The new Dutch Government was expected to take a fairly uncompromising line with Holland's economic problems and the cynics were proved right. But it was the uncertainties created by the proposed new legislation rather than the actual measures that left the stock market unsettled and hesitant. Against this background the ensuing bout of currency turmoil—which at one time saw short-term interest rates topping 20 per cent against a background of massive support for the guilder from the Dutch central bank—understandably completed the job of undermining investor confidence.

Prospects

Few observers see much prospect of encouraging news emerging before the end of 1979. "The stock market clearly has the wind against it," says a recent economic survey from one of Holland's major banks, Mees and Hope. These and similar sentiments are echoed within the financial community in Amsterdam.

Currency uncertainties aside—and it has to be stressed that on this score the Dutch are largely at the mercy of their major trading partner, West Germany—the broad economic picture within Holland contains a number of grey areas rather than insidious black spots, thanks largely to the low level of inflation.

Unemployment is high and industrial growth is sluggish. But the outlook for corporate profits if unexciting is not totally discomforting. Much depends on the current wage round, and to trade union acceptance of some of the smaller print within the budget. But plenty of financial institutions are still willing to bet that company earnings will emerge comfortably in surplus next year.

Against this background the Stock Market clearly faces a number of constraints. Activity remains relatively buoyant, however, with September emerging as the second busiest month this year, following on from an unseasonally active August which turned in dealing volume of close on Fls 2bn despite the onset of the so-called summer holiday lull.

In this respect it should not be forgotten that the Dutch bourse has a substantial international flavour. Major counters like Unilever, Philips, Royal-Dutch and KLM dominate the Stock Market capitalisation and as a result the international investor is often as important a force as the domestic punter. The half dozen or so leading shares account for something like half the Stock Market's total value.

In the past this has added to the structural disadvantages of the Dutch market which over the past decade has seen the number of shares quoted shrink dramatically. In 1968 the bourse could boast 503 individual listings: at the end of 1977 after an admittedly intense period of industrial rationalisation, plus the odd business failure, the number was down to 249.

Problems

At the same time the Stock Market remains a moribund source for new capital, rights issues apart. The problems here largely mirror those to be found in most Stock Markets around the world: new equity capital is expensive both in terms of issuing costs and in its effect on the future course of earnings per share.

For the most part, however, the market makers, the authorised brokers and the major banks who are also members of the bourse, have come to terms with the realities of the situation. Moreover, recent plans for extending trading should improve the cost effectiveness of the dealer. When the new trading regulations come into force at the start of next year, much unofficial trading in shares will no longer bypass the stock exchange.

Unlike his counterpart in London, the Dutch private investor remains a substantial force in Amsterdam. Estimates vary, but it would appear that something like two-fifths of the stock market is held in private hands. Investors do not suffer dividend controls, capital gains tax, as far as the individual is

CONTINUED ON NEXT PAGE

THE NETHERLANDS V

The capital market

An air of nervousness

ITS equity counterpart, Dutch capital market is through a testing time. nce at recent figures for g volume is as good a as any to the traumas—ivestor reaction to them—have blown up over the seven or eight weeks. ding mortgage bonds, turn-in September was 25 per lown on August and well 50 per cent short of the seen at the start of the quarter of this year.

market's problems are old but the most pressing t created by uncertainties currency markets. For moment the revaluation of eutschemark has removed nmediate pressures from the Snake (the joint ean float) and allowed the Central Bank to call off pport operations. Having about 20 per cent at one during the recent crisis, term (call money) interest have now settled back to normal levels.

there is a continuing air rvousness and uncertainty g bond dealers in Amster-The respite in the foreign nge markets may prove temporary. At all events the investing institutions are sticking firmly to the side lines.

The Dutch bond market is, of course, no stranger to dramatic events. Sitting along with Belgium on the fringe of the European hard currency club, Holland has long had to fend off the unwanted backwash of sticking to the heels of the D-mark and the Swiss franc. This year, however, the Government has had to cope not only with the way the shrinking dollar has come to something of a head in a European context, but it has had to do so against a background of mounting domestic problems.

High unemployment is allowing the authorities less room than they would like to reverse the trends in Holland's balance of payments, which this year has moved firmly into the red.

As a result there have been a number of occasions when the prevailing downtrend in interest rates, in line with inflation levels and weak demand for capital market funds, has this year had to be suddenly sacrificed in order to allow the authorities to prop up the guilder. In the first four months of 1978 the average yield on Government bonds eased by around a quarter to 7 per cent. Since April Dutch yield graphs have begun to read like a fair-ground switchback.

The Government's capital market funding programme this year provides a neat guide to yield patterns. Last year closed with an offering by the State of 15-year bonds on a coupon of 8½ per cent. The tender price was struck at 100.30 and the offer pulled in a comfortable Fl 350m. Two further issues by the Government, in January and March, were even more ardently applied for despite coupons of 7¾ per cent in both cases while by the closing days of April coupons on State loans were down to 6¾ per cent with maturities being pushed out to a full 20 years.

But here the issuing authorities came badly unstuck. Barely Fl 150m of stock was sold at a price of 99.5, and clearly the mounting turmoil in currency markets had made it impossible for the central bank to judge issuing terms with any finesse. In striking contrast, an offer of 10-year bonds at 8 per cent in August pulled in a record Fl 700m. This was probably just as well given the Government's mounting funding requirement and the fact that one month later an issue, with a coupon back down 7¾ per cent, could pull in just Fl 250m. The latest tender offer from the Government is in 15-year bonds carrying a coupon at 8½ per cent.

As a source of new capital, however, the market in public bonds is heavily overshadowed by the private placement market. The public arena has been restricted largely to State and semi-State borrowers plus financial institutions like the banks which in recent months have been relatively active. ABN Amro and Mees and Hope have between them raised around Fl 350m since August. But the private market is where the bulk of Dutch capital raising tends to be concentrated.

Backed by a secondary market and visibly linked to central bank policy on interest rates, the public bond market is clearly the "price leader." But the attractions to Dutch borrowers of the private placement market are undeniable. The supply of funds is almost instant with the banks—which tend to act solely as intermediaries—quick to tap a ready pool of lenders in the shape of pension funds, insurance companies and the savings institutions.

At the same time there are no initial costs of the type associated with public issues, and borrowers can take up loans for longer periods. Stock market money is largely limited to 10 years, but in the private placement market maturities range between 10 and 15 years with an occasional 25-year offering if the borrower's pedigree is in the triple "A" bracket. All this and no need to get in line at the central bank.

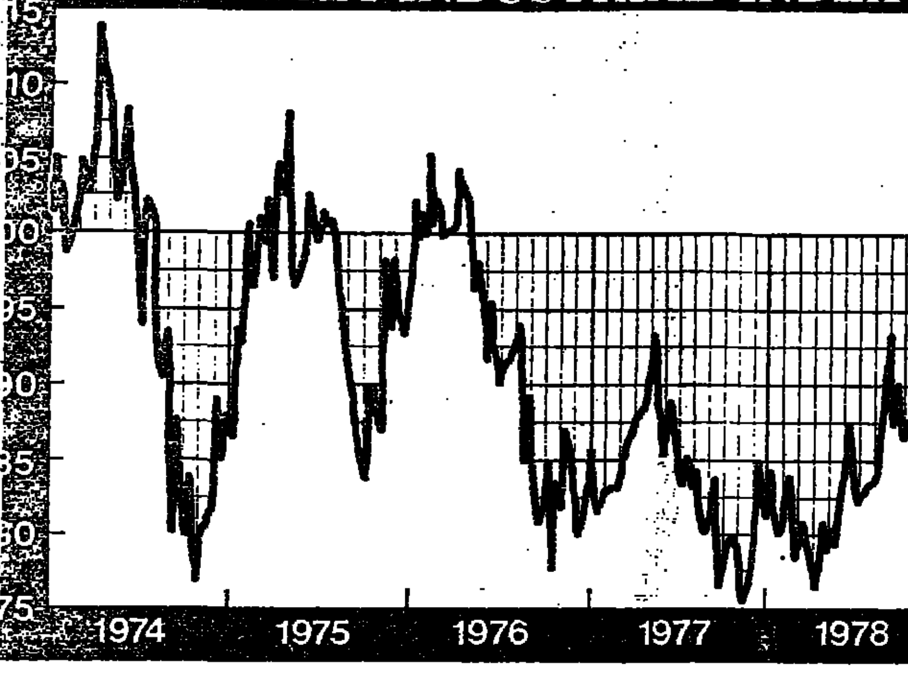
Moreover, the other side of the coin is not especially unfavourable. Because of the substantial collateral that lenders can often demand, the private placement market is more or less denied to the corporate sector.

It is difficult to decide whether the absence of a secondary market is much of a factor—limiting or otherwise—in the day-to-day running of the private placement market. The modestly higher interest costs are clearly not. On average a private loan would cost around half a percentage point more than a similar loan in the public bond market, shading perhaps to three-eighths on a more direct comparison.

Looking ahead, the constraints on the funding processes are not going to ease noticeably next year. The government's needs aside, demand is likely to remain weak along with the pattern of the economy, with the corporate sector once again a non-runner. At the same time inflation is likely to hold at low levels. But the pressures on the Dutch exchange rate — both internally from the balance of trade and externally through the need to maintain differentials against the D-Mark—are going to cause continued problems.

Jeffrey Brown

AMSTERDAM INDUSTRIAL INDEX



Trading

CONTINUED FROM PREVIOUS PAGE

concerned, is unknown and dealing expenses are still fairly modest.

Too modest for some, in fact, especially when combined the bouts of inactivity that the Amsterdam market can be prone to. The average commission on share transactions amounts to about 0.8 per cent of the amount invested. At least one major bank proposes to prune back its equity investment services on the grounds that it can no longer afford to carry the business as a loss leader.

One of the more intriguing aspects of the financial markets in Amsterdam has been the recent formation of a market in traded options on the U.S. pattern. Called the European Options Exchange (EOE), this market came into operation in April with nine official listings, three Dutch shares, three UK and three American. Listings now total 24 with the possibility of further listings before the end of the year if discussions presently under way with the French authorities prove fruitful.

Opinions

Opinions on the EOE are polarised. At best its reception can be described as mixed with daily contracts hovering around 1,300 and therefore still some way short of the 6,000 or so needed to allow the exchange to cover its operational costs. But the new market has had some success in building up tentative links with stock markets elsewhere in Europe and the U.S.

The EOE was originally intended to be a joint venture between London and Amsterdam Stock Exchanges. But the plan for twin trading floors fell through and the EOE was left to press on alone. However, the EOE does have extensive links with several UK stockbrokers, and the management of the exchange are clearly hopeful that the two centres will eventually settle their differences and come to a purposeful trading arrangement.

An agreement of this sort could go a long way towards solving the EOE's outstanding difficulty, namely the problem of persuading various national regulatory bodies to reduce their barriers to cross-frontier option trading.

Jeffrey Brown

Steel

Getting back in the black

HOOGOVENS, THE Dutch half of the Dutch-German steel combine Estel, appears to have survived the recession in the European steel industry relatively unscathed. It is still operating well below capacity, but, unlike Hoesch, its German partner, Hoogovens returned to black figures in the second quarter of this year. And although jobs are being cut, almost entirely in the overheads sphere, it looks as though the number of redundancies will be minimal.

Estel's deputy-chairman Herr Heinz Solbach, who also runs Hoesch, confirmed in Dortmund earlier this month that the group would still make a loss this year. "But 1978 will be very much better than the exceedingly bad previous year," he added. Estel's loss had soared to Fl 417m in 1977 from Fl 69m in 1976.

Hoogovens, a modern steel plant based at Ijmuiden employs at least 90 per cent of the Dutch steelworkers. The only other steel company is NKF, an electric steelmaker, part of the August Thyssen Hutte group. Estel constitutes the second Dutch-German merger after VWF and Fokker joined forces in the aerospace industry. Estel was created in 1972 and is headquartered in Nijmegen, in the east of the country.

The group which is the fourth largest steel company in Europe employs 75,660 people.

Raw steelmaking capacity at Ijmuiden, is put at around 7m tonnes per annum. Current production runs at a little over 5.3m tons annually. Earlier plans to raise capacity to 10-11m tonnes in the '80s have been shelved as a result of the downturn in world steel. A spokesman said it was expected that full capacity would be reached in the next decade.

The Dutch steel producer is heavily export-orientated. In common with other Dutch export-based industries it has found the going tough over the last few years: the relatively expensive guilder and the high costs in the Netherlands have affected Hoogovens's competitive edge in a number of major markets in and outside the EEC. The company sells to the building, shipbuilding and car industries; around a third of sales is destined for the domestic market, a third goes to the EEC and the rest to Third World countries.

In a brief section on the Dutch steel sector, the Economics Ministry's 1979 Budget, published last month, says: "The prospects for this sector will depend to an important extent on the impact of the measures taken by the European Commission and the internal measures, such as the control of costs, within the industry itself."

In Ijmuiden, Hoogovens's spokesman, Mr. Cees Dubbeldam gives many factors which have combined to pull the company out of its loss-making position. He points to the modest impact of EEC Commissioner Etienne Davignon's measures and to the cost-savings and efficiency programme at Hoogovens, which should save Fl 70.80m. The savings are exclusively from the overheads sector; in the productive sector there are still several hundred vacancies, in the face of the country's serious unemployment problems.

Other, less obvious reasons for the gradual improvement are also given. On the raw material purchasing side, Hoogovens has had "a spot of luck." Its ability to postpone some ore deliveries and miners' strikes stopped the company being flooded with masses of contracted ore supplies in Ijmuiden which it could not process because of the recession in the steel industry. Secondly, many finished product orders have been received from the Third World. China has ordered a number of concrete steel bars and rods. A delegation from Holland will be visiting Peking in November for further talks on the expansion and modernisation of the China steel industry.

Hoogovens, which exports a relatively large share of its products to the U.S., adds that the "trigger prices" system over there has not affected its steel deliveries across the Atlantic. It sells mainly steel plate for the car industry as well as some tinplate in the U.S. The reason for this is that the U.S. system has not been applied so rigidly while Japanese exporters have been less aggressive on the U.S. market this year. However, the Dutch steelmaker is anxiously following some current suggestions in the U.S. that the country may become tougher on imports next year.

In Ijmuiden, the company has gradually reduced the white collar jobs by several hundred. Natural wastage, early retirement and transfer to other companies have reduced the need for lay-offs. Hoogovens has also trained white-collar workers to become production workers. Hoogovens, as a result of Government regulations, has been prevented for the past four years from recruiting more workers in Spain (it now employs some 1,500 Spaniards) in view of the deteriorating employment situation. However, it followed up a Government suggestion to tap the Dutch market for unemployed Mediterranean guest workers, as a result the company now employs between 300-400 Turkish workers. An experiment with unemployed Surinamese (a sector of the Dutch population where the unemployment rate is very high) has failed, says Hoogovens.

The past year has generally been quiet at Hoogovens. Estel said in July that it had held talks with Kaiser Aluminum and Chemical of the U.S. aimed at a possible link-up with its aluminium interests. The talks had ended for the time being and had not reached a stage "where any conclusions can be drawn." Holland Aluminium, the holding company for Estel's aluminium interests (Estel also has a 61.5 per cent stake in Sidal, the Belgian aluminium company) said the talks with Kaiser and with other aluminium producers would resume later.

Since then the company has remained tightlipped, but an announcement from Holland Aluminium recently that its management would be cut from five to three "since the aluminium holding's objectives were now aimed more at consolidation rather than expansion" has fuelled speculation that Estel has been unable to attract a partner. Shell subsidiary Billiton had pulled out its half-share in Holland Aluminium in January, 1977.

Esmil, Estel's division for environmental techniques, based in Amersfoort, expanded in the past year. In May it was announced that W. Hubert in Sneek (water and sewage purification) was joining this division. Hubert employs 850 people in five factories in Friesland Province in the North. Esmil, which already has a 27 per cent stake in Envirotech Corporation, a leading U.S. environmental techniques company and fully owns a company in Brazil, acquired Pisani Consulting Engineers in Haarlem in September.

Michael van Os

Chemicals

Over-capacity problems

FURTHER EVIDENCE of the plight of the Dutch chemical industry emerged this month when DSM, the large State-owned Dutch chemicals group disclosed it had enforced redundancies in Limburg Province. In all 2,000 jobs will be lost in a high unemployment area, spread over the years to 1983.

In May, the group said it was unable to pay a dividend to the State, the first time this has happened since 1948.

Like the rest of the EEC chemicals industry, the Dutch picture has declined. Government and industry officials now openly express concern at the developments in an industry which two years ago was being described as the "locomotive" of Netherlands industry.

There is the familiar problem of over-capacity. This is particularly apparent in the bulk chemicals sector, in which industry is relatively strongly represented. Competition on foreign markets, where some three-quarters of the products are traditionally sold, has become increasingly sharp. Besides pointing at costs, industry leaders repeatedly warn of the dire consequences of the buy-back deals with the Comecon countries and the increasing inroads on the European market of cheap U.S. chemicals; in the longer term shipments of bulk chemicals from the oil-producing nations should commence.

Referring to local developments, the Dutch Economics Ministry's Bugdet, issued in mid-September, noted gloomily: "The traditionally favourable factors for chemical industry establishments in the Netherlands—the central location, the availability of good and cheap transportation and labour peace—are gradually being superseded by negative factors such as rising energy costs, high wages and land prices, stringent environmental demands and long planning procedures." The minister, Mr. Gijs van Aardenne, who has an industrial background, said in the memorandum that policy would be aimed at taking away the bottlenecks and to stimulate, for example, the marketing of new and more sophisticated chemical products. His view is that there is still sufficient growth potential in the Netherlands, especially for high-value products. "This is unlike the basic chemical side, which is already too strongly represented here," the memorandum stated.

Mr. van Aardenne's view was also echoed in a recent survey of the chemical sector by ABN, the largest bank. It noted that part of the current investment programme was not so much aimed at raising capacity, but rather at modernising existing plants and partly to achieve a shift in the product mix. "The most important change to occur in the chemical industry is the partial movement from bulk products to specialties," the survey said. It pointed out that there are now numerous bulk products which are no longer manufactured profitably; the reason for this is the high level of costs, and to some also the relatively expensive guilder which affect their competitive edge.

In comparison with the bulk product situation, prices of the specialty products play a less significant role, the product's quality being the main determinant. At the same time, the Middle East will be manufacturing bulk products, which could be processed here, for example. The bank says that the opportunities in this market look good, especially since the Government has promised support for further research in this area, and in view of the existing technical know-how. Companies with factories in the Netherlands, mainly in Rotterdam, include Akzo, Shell, Esso, Dow, ICI, Naarden, NSM, DSM, Bayer, Hoechst, Cyanamid, Up John and Borg Warner.

Both industry and the Government have been very active in Brussels in order to obtain EEC aid for the chemical industry. Mr. E. W. Ter Horst, chairman of the Dutch Chemical Industry Association (VNCI) put the matter into perspective at the May annual meeting of the association, when he said: "In view of this dependence, the various problems shall hurt us more than the other countries. If the absence of European measures would lead to a revival of protectionism, then it will primarily be us who will have to pay the piper and we'll have to give up most of all in capacity, sales and employment." The chemical sector currently accounts for about a sixth of Dutch exports. The Netherlands comprises 5 per cent of the total EEC population but 13 per cent of the European basic chemicals industry.

Earlier this year, the VNCI suggested to Brussels that the current time-consuming anti-dumping procedures in the EEC be speeded up. It also wanted a system of "normal values" based on the cost of the most efficient producer. If products were offered below these prices, the Commission could act more quickly on a complaint. The association is also seeking a register of buy-back deals with the Comecon countries. To achieve a co-ordinated approach to over-capacity, the VNCI said that the industry must first improve its statistics.

As far as chemical investments are concerned, the latest figures show that a revival took place in 1977. This was not attributed to improved prospects, but rather as a result of project decisions taken in the 1973-74 peak years which have a long construction lag. It also involved investment in modernisation to counter rising costs. For 1978 and particularly 1979, a sharp decline in the level of investment is forecast by the Economics Ministry.

Recent statistics show that investments in the chemical sector jumped 26.6 per cent in 1977 (to Fl 2.32bn); only in Britain the increase was higher (plus 29.3 per cent). In terms of turnover, it came fifth in Europe with a slightly reduced share of sales of 6.07 per cent (total turnover Fl 20.7bn).

The oil refining sector has also been in the news recently. The many refineries, mainly located around the Rotterdam area are known to be operating at 60-70 per cent of capacity. BP decided to close its Rotterdam refinery, for two months earlier this year. The company felt it would be cheaper to buy refined products on the open market and would use the period to carry out maintenance work.

Michael van Os

THE NETHERLANDS VII

Multinational companies

Royal Dutch/Shell tops the list

CORPORATE Gullivets [illegible] the Lilliputians, [illegible]nd's multinational com[illegible]s dominate the financial [illegible] in a country of only 14m [illegible]e. Taking first place on [illegible]ne Magazine's latest list of [illegible]op 500 industrial groups [illegible]de the U.S. is Royal Dutch/ [illegible] the 60:40 Dutch-British [illegible]major, while Unilever, in [illegible] the same two nations are [illegible]ers, ranks fourth. Lying at [illegible]er five is Philips, possibly [illegible] people's idea of the truly [illegible] multinational, with its [illegible]iar range of electrical [illegible] sold in 64 different [illegible]ets across the world.

[illegible]h one of these companies [illegible] household name. Less [illegible]iar, perhaps, are groupings [illegible]Akzo, in the chemicals and [illegible] sector, or Estel, the steel [illegible]*facturer; both are the* [illegible]t of combinations with lead[illegible] West German concerns, and [illegible] have suffered heavily from [illegible] downturn in their respec[illegible] industries.

[illegible]t how do you define a [illegible]national? The companies [illegible] not to like the term, [illegible]h they have reluctantly learned to live with it. Most prefer less emotive descriptions as transnational or merely international. For with their spreading business interests and rising sales has come increased and often painful exposure to sharply worded political and economic censure, at home and abroad in the highly developed and the still developing countries.

Although some of the pressures have eased, certainly in Holland itself as the Government has moved from left to right, the big multinationals still like to keep a low profile. They do not exactly stampede to be interviewed on their activities as multinationals rather than on the more straightforward aspects of finance, products, or marketing. "Some *of their problems are of a long-term nature*," said a chief analyst at a leading Dutch financial institution. "If they start speaking out loudly, then these will be treated as short term; once written about in the Press, the tone becomes emotional rather than rational."

At Philips, however, there has generally been a willingness to talk frankly about the situation facing the multinationals. Nearly three years ago, for example, when the Government was distinctly unfavourable towards their activities, the company's then president, Mr. Hendrik van Riemsdijk, expressed concern in an interview with Time Magazine about "concentrated, continuous and generalised attacks."

He divided those who sniped at the multinationals into two types—those with "an incurable ideological hangup about free enterprise", and the simply ignorant. "For those who say we exploit the Third World, manipulate currencies, escape government control, and what have you," he asserted, "I don't apologise for Philips. What I *do apologise for is that perhaps* we don't take enough trouble to explain what we are doing."

As a defence of multinationals and their role, Mr. van Riemsdijk's views could hardly have been more vigorously stated. In a more recent apologia, another Philips executive, Mr. R. C. Spinosa Cattela of the management board, broadly accepted the need for voluntary guidelines or codes of conduct, such as those of the OECD, but made some significant qualifications.

Not only should they contain rules for all multinationals, he said in a speech this summer, whether privately—or government-owned, they should also contain obligations for governments. Nor should there be any discrimination in the treatment of trans-national corporations and their subsidiaries on one hand, and domestic companies on the other.

The concern of companies like Philips about the spawning of regulatory codes was expressed thus: "A situation may well emerge in which a company in a certain country will *have to take into account a UN* regional code, a UN worldwide code, a code on the transfer of technology, the ILO Tripartite Declaration and certain EEC rules, simply because the country in which the company is operating happens to be a member of all those organisations." In addition, he went on, "there may well be obligations under bilateral treaties of which there are hundreds, quite apart from the obvious obligations under national laws."

The yardstick by which multinationals in the Netherlands and elsewhere would like to be measured, however, is chiefly financial. And in this area, Dutch companies have turned in very different performances indeed, though none of them has recently been able to produce a set of accounts that would gladden the heart of a weary finance director.

Three Dutch multinationals, Philips, Akzo and Unilever benefited from improved consumer demand during the second quarter, but the performance of their industrial interests still left a good deal to *be desired. Unilever lifted its* pre-tax profits by 13 per cent to £186m in this period from the level in the first three months, which had seen a slippage of 11 per cent. Higher volume sales in Europe and improved margins on consumer goods played their part in the recovery, as did a rise in North American profits. Its European industrial operations, though, were disappointing.

At Philips, whose 1977 net profits advanced by 13 per cent to Fl 634m ($316m), greater spending in the home also added a timely stimulus after the slack initial quarter, prompting the company to lift its sales growth forecast for the whole of this year above the original 7 per cent rate. Yet it, *too*, has been suffering from sluggishness on the industrial side, while hoping for follow-up orders from its big Saudi Arabian telephone contract. Colour television sales were boosted by the World Cup, though the Argentinian hosts kept the soccer trophy well out of Holland's reach.

Akzo, whose accounts have been awash in red ink over the past few years, was able to show an improvement in its consumer products during the second quarter, but these account for only a small proportion of total sales. For the full year, it is banking on a return to profits, with further upturn hoped for through 1979. After the second *three months*, it reported a net profit compared with losses a year ago; by rigorously cutting costs, it has managed to limit the heavy deficit from its *chemical* fibre operations in Western Europe.

Apart from the obvious fluctu*ations in the business climate* with which the multinationals have to contend, they are also subject to the vicissitudes of the currency markets. As the dollar has rolled downhill and the guilder has moved upwards, companies have had to make increasingly significant adjustments to their accounts. Last year, Philips had to charge *Fl308m to its profits and loss* account for adverse exchange differences against only Fl194m the previous year.

Striking

The most striking example of how currency movements can distort the earnings picture, however, was provided this year by Shell, which fell victim in the first quarter to the stern demands of U.S. Federal Accounting Standard 8. As a result, the Royal Dutch/Shell group was able to report net profits of only £6m, a staggering £410m below the level for the same period of last year.

The problem arose because Shell, which is quoted in New York, follows U.S. accounting principles. FAS 8 requires stocks and fixed assets to be translated into sterling at the exchange rates in effect when they were acquired. Monetary assets and liabilities, on the other hand, are converted at the rate obtaining at the end of each quarter. Since sterling slid sharply in March, Shell lost both ways. The group commented ruefully that the use of FAS 8 while exchange rates were in a volatile state "has been a major obstacle to understanding the trends underlying the businesses of the Royal Dutch/Shell group of companies." Despite catching up slightly in the second quarter, the overall result for the first six months was down from £723m to £396m.

It is not only the companies who bemoan the impact of exchange rate movements. Financial analysts in Holland and elsewhere say they would welcome some degree of standardisation in the treatment of currency influences, so that each set of accounts would have a page of comprehensive data which could be compared with other companies. "There is too much tendency, in our view, to look at the bottom line," said one analyst in Amsterdam. "Annual reports are not always clear and readable, even when the qualifications have been set out." The non-analyst can only agree.

Andrew Fisher

The motor industry

DAF's five year plan

[illegible]LAND MAY not rank as a [illegible]r vehicle maker but it does [illegible] a surprisingly varied range [illegible]companies producing and [illegible]mbling cars and trucks. The [illegible]ormances of the two [illegible]ches of the former van [illegible]ne family concern, DAF [illegible]ks and Volvo Car, have *[illegible]red markedly*. While DAF announced a five-year ex[illegible]ion plan designed to take [illegible]to new markets, Volvo Car had to call on Government to keep afloat. At Ford and [illegible]-Scania, assembly operations have continued to expand. [illegible]nwhile, the list of importers [illegible]inues to grow, with the [illegible]st entry another Japanese [illegible]ufacturer, Daihatsu. After [illegible]ially forecasting that car [illegible]s in Holland this year would [illegible]w little change on the figure [illegible] nearly 552,000 in 1977, the [illegible]or Industry Association is [illegible] saying a new record of [illegible]000 could be reached.

[illegible] take first the only com[illegible]y *which remains over*[illegible]lmingly in Dutch hands, [illegible] Trucks has been rethink[illegible]ts role in the world market. [illegible] an industry where size [illegible]st invariably means [illegible]gth, a small volume [illegible]ialist concern such as DAF [illegible]t clearly weigh every deci[illegible] with extra care. The five-[illegible] corporate plan announced [illegible]er this year provides for [illegible]entration on the areas [illegible]re the company is most suc[illegible]ful and expansion into [illegible]kets outside Europe.

[illegible]lustrating the first of these [illegible]ciples, DAF is cutting back loss-making production of [illegible]ers and concentrating on successful heavy vehicles [illegible]ities. As part of the second, the company plans assembly plants in Nigeria, Iran and possibly Egypt to get around import controls. In May it announced it had begun assembling buses and trucks in Ghana.

DAF expects to sell 15,000 vehicles next year, an increase of 2,000 on 1977. This is still well within present capacity of 18,000 units, while there is also room to increase diesel engine production beyond the company's own needs. The profit outlook for the year is not so rosy though. A strike which shut down the Belgian factory producing drivers' cabins and axles slowed the work rate in Holland while teething troubles accompanied the introduction of new production control techniques. DAF chairman, Mr. Piet van Doorne, told listeners at the Birmingham Motor Show earlier this month that the financial outcome will be well below 1977.

Although predominantly a Dutch-owned company with 42 per cent of *its shares held by* the van Doorne family and 25 per cent by the State, DAF is also one-third owned by the U.S. group International Harvester (IH). Mr. Piet van Doorne has made clear that this is purely a financial holding and that the original plans for a more far-reaching co-operation have not *been fulfilled*. *DAF cannot* compete profitably in the U.S., while IH's trucks have not been successful in Europe. The two companies' approach differs too much for effective co-operation.

Volvo Car has proved the less successful half of the original DAF family concern. Mounting losses prompted the Government to raise its stake in the company to 45 from 25 per cent at the start of the year, while the Swedish Volvo group reduced its holding correspondingly. The Government has put up nearly Fl 200m in various forms of aid while Volvo promised a further Fl 100m. Problems with the first new model to be marketed under Swedish control almost put an end to Volvo's chance in Holland before it had even started.

The 1.4 litre 343 model, with automatic transmission, proved overpriced and in the view of many was underpowered. The late delivery of components meant the first cars came off the production line unfinished. Volvo Car forecast in January that losses would continue for another three years. The expectations were gloomy enough, but when Volvo Car reported a 1977 loss Fl 6m worse than the Fl 120m on which the rescue package was based, it was clear the pessimism had not been exaggerated. Volvo Car's figures will in future be consolidated *with those of the parent company* so it will not be possible to follow developments as closely.

The information available for 1977 showed that only 54,500 cars were produced, 20,000 fewer than planned. The 343 programme has been extended though, and a manual version is *now available. Prices* have also been held down while those of competitors' models have risen. Volvo's chairman, Mr. Pehr Gyllenhammar, said earlier this month that the Dutch company expects to sell 70,000 cars this year, compared with 63,000 in 1977.

Some politicians and the trades unions are suspicious of the effect that Volvo's deal with Norway could have on the Dutch company. The aid package contains guarantees from Volvo that it will not develop, outside Holland, a model which might compete with the 343. But until the full implications of the sale of 40 per cent of Volvo's equity to Norway are known, suspicions remain. Many people still question why Holland did not acquire a direct equity stake in Volvo in return for its support, as Norway has done.

While the activities of DAF and Volvo regularly hit the headlines, Ford's assembly plant in Amsterdam is almost conspicuous by its absence from the glare of publicity. Ford has transferred work on its successful Taunus model elsewhere in Europe and begun assembly of its Transit range of trucks. Its range of heavy Transcontinental trucks continues to be assembled in Amsterdam.

The Amsterdam plant turned out nearly 16,700 vehicles last year, a rise of 17 per cent on the year before. This was solely due to increased production of the Taunus though; demand for the Trans-continental remained low into the first half of 1978.

A fourth company with *assembly facilities in Holland is* the Swedish Saab-Scania group. Its truck assembly plant at Meppel and Zwolle in the eastern Netherlands expect to increase output this year by 500 vehicles to around 4,500.

The buoyant car market in the first half of this year supports the forecasts of a record level of demand in the year as whole. Sales rose 5.5 per cent to 339,000 in the first six months of the year. General Motors (GM) continued to top the list, selling more than 51,000 cars and raising its share of the market to 15.1 from 14.2 per cent. The Opel Kadett model produced by GM's West German subsidiary Opel was the single most popular car sold in Holland. Ford and Volkswagen came second and third in market shares.

The six Japanese firms active in Holland — Mazda, Honda, Datsun, Toyota, Subaru, and Mitsubishi — sold nearly 64,000 cars, an increase of 4,000 on the first half of 1977, and together they took 18.8 per cent of the market. They have been joined this year by Daihatsu, which expects to take 1 per cent of the market, or 6,000 cars, within two to three years.

Volvo sold 12,000 cars in Holland but saw its market share cut from 3.7 to 3.5 per cent. BL's share of the market has fallen to 3.7 from 4.1 per *cent but the company says this* is due to a switch to more expensive models, such as Rovers and Jaguars, which can now be delivered from stock.

Holland's home-grown vehicle makers have been content with a much smaller share of their domestic market than would be acceptable to the car industries of, say, Germany or Britain. While the motor industry is optimistic about demand at home, the four companies producing or assembling in Holland depend on much wider markets. The uncertainties of these markets make for rapid change. The Dutch motor industry in five years' time could look very different from today's set-up.

Charles Batchelor

THE NETHERLANDS VIII

Shipbuilding

The art of survival

HOLLAND'S SHIPBUILDERS are on a crash course in the art of survival, determined like their rivals across the world to weather the slump and emerge lean and fit enough at the end to profit from the upturn. Partnered by an obliging Government, the industry is drastically pruning away the weakest of its operations; at the same time solid financial props are being provided for those activities where the chances of eventual recovery are felt to be strongest.

The net result will be a shipbuilding sector more or less cut in half. This is a good deal more than the 30 per cent or so reduction envisaged last year before the full ferocious impact of the industry's depression had become apparent. Yet the hope is that the twin process of elimination and rejuvenation will make Dutch yards sufficiently modern, aggressive and innovative to prosper during the 1980s.

Clearly, the surgery required is complicated and painful. Outright nationalisation was never seriously considered, certainly not by the industry itself, or by the present Centre-Right Government and its Left-wing predecessor. Officials in The Hague believe they can have a large enough influence on the companies involved through sizeable indirect stakes, special loans, and investment subsidies. The stage has not yet been reached, they say, where last ditch negotiations are needed to keep alive a vital strategic minimum of manufacturing capability.

Altogether, the cost to the Government will be around Fl1bn ($498m), with Rijn-Schelde-Verolme (RSV), the nation's major shipbuilder, receiving the lion's share. RSV was granted a Fl150m subordinated loan by the Government last year to tone up its balance sheet, and is now getting another Fl430m in various forms. Nearly Fl68m of State money will be injected into a new dredging equipment group, centred on IHC Holland, with a further Fl150m due in subsidies and loans. Vmf-Stork, the largest engineering concern in the Netherlands, is getting Fl235m to help pull round the ailing diesel company, now deconsolidated, and to restructure some of its other operations.

Of these three major Dutch companies, RSV is the only one in which the Government is taking a direct stake. The shipbuilding activities of the Rotterdam-based company could hardly be hived off from the main group—which is what is happening with the loss-making areas of the other two—so the State is buying 43 per cent of its shares for Fl80m at par. It is also providing special interest-free support, investment grants and further subordinated loans.

Example

RSV's own sorry earnings performance of the past two years gives ample illustration of the problems facing the industry. It moved heavily into the red in 1976, stayed in the following year, and was still suffering during the first 32 weeks of 1978, when its losses shot up by nearly 70 per cent. The company is now inching its way slowly back to profitability, as the shipbuilding losses diminish with reduced capacity and its industrial activities continue to make money.

By the time RSV's extensive restructuring programme has been completed, less than half of its activities will be in shipbuilding compared with around two-thirds a few years ago. High technology and high added value products will form the main areas of concentration, explains Mr. Allerd Stikker, president of the management board, with maritime construction slimmed down to a profitable minimum and with continued emphasis on naval vessels, a sector which is still vigorous.

"RSV's problem," notes Mr. Stikker, "is that it has the largest yards, and this is where the problems are largest too." In its revamped form it will operate only one large yard and one small one, while its land-based industrial activities will carry it increasingly into the field of large power, oil and gas, and chemical processing activities, as well as plant erection and worldwide machine servicing.

"This will give us continuity instead of jerkiness," he says, citing the group's Algerian business as evidence of the direction in which it plans to go. Within the space of one week in October, RSV announced a Fl276m order to provide a complete gas turbine electrical power station for the Sonelgaz State corporation, and three others from Sonatrach totalling Fl114m, as well as the opening of an office in Algeria.

All this is far removed from shipbuilding, but Mr. Stikker maintains that RSV was striving for a better product mix even before the crisis in the maritime sector began to bite. And the helping hand being extended by the Government is warmly welcomed in this context: "The Government's stake proves it has confidence in us. This is a positive element in our international marketing approach."

The master plan drawn up in The Hague under which the reshaping of RSV and other companies is taking place divides the shipbuilding industry into five main sectors. Heading these is the large shipyard and offshore category, which includes the big RSV yards and the yard of IHC Gusto which is being closed down. RSV's Verolme Dock and Shipbuilding Company (VDSM) will occupy itself with major shipbuilding and offshore projects, at a reduced capacity, with further investment plans still to be decided, while Rotterdam Dockyard Company (RDM) will stop building complete ships and only supply sections to Verolme. The group's P. Smit Jr. operation will move away from shipbuilding into repairing and mechanical engineering.

Most of the manpower reductions will take place through natural wastage, leaving this sector of the shipbuilding industry with a labour force of some 4,000 by the middle of next year compared with over 9,000 at the start of 1976. In the second category of mainly medium-sized (by Dutch standards) yards, the restructuring plan is still not yet ready. Van der Giessen-de Noord will receive special aid and a Fl60m loan from the Government, which is taking a 22 per cent stake, while RSV acquires a 23 per cent interest. An overall labour cut of 20 per cent is planned in this sector.

A similar reduction is likely for dredging equipment, where the IHC interests will be augmented by those of the smaller Van Rees company. Here the State is taking a share of slightly less than half, as is IHC, with the remaining 8 per cent to be held neutrally. IHC is losing money on its dredging business, but more than makes up for it elsewhere.

Confusingly, the new group will carry the name of IHC Holland; the present company of that name is being rechristened IHC Holdings. The latter will own 40 per cent of Swiss-based IHC Inc., which takes in the profitable foreign operations, with the rest owned by IHC Inter, formed earlier this year.

One of the men who played a key role in helping to draw up the overall plan, Mr. Henk Bosma, of the Economics Ministry, puts much faith in the prospects of the dredging group. "If there is one group about whose survival I am optimistic, it is this one," he says. "If the situation becomes only a little better, then the Japanese will look for other markets than dredging. I am quite convinced that the Japanese are taking heavy losses on every deal, they do not have the experience in this field."

IHC has not been alone among Dutch or other shipbuilders in having to take on unprofitable business in order to maintain activity. The dredging equipment sector has suffered as yards have treated it as a haven from the ills of the tanker and general cargo markets. On some specialised equipment deals IHC has been forced to accept orders at 25 to 30 per cent below normal levels, says Mr. Leo van Oosterom, who sits on the management Board. "There are no direct signs that the price war is coming to an end," he comments. "The general crisis is as bad as ever, or maybe even worse."

Remaining

The two remaining groups included in the plan cover small yards in both the west of Holland along the large rivers and in the north. A reduction in the workforce of about two-fifths is foreseen for the first and one of about 20 per cent in the other.

The Government made commitments of some FL400m in general investment, ship financing and loss-sharing aid to shipbuilders last year, a figure which is likely to be repeated in 1978 and gradually diminish in the next couple of years. This is apart from the extensive support it is giving to individual companies.

Vmf-Stork is not a shipbuilder, but its diesel activities have suffered from the side-effects of that industry's crisis, prompting the Government to step in and take a half-share. The main Vmf-Stork company, in which there will be no State interest, holds the other half, and is also receiving assistance with the restructuring of part of its other interests. It continues to lose money at its Bronswerk boiler and petrochemical equipment division, where the problems have been in the latter area, and at Stork-Velsen, which also suffered from poor market conditions for general equipment. Both companies have been revamped, but it will be sometime before the effects show through. Elsewhere, Vmf-Stork is in profit.

Without trade union co-operation both Government and industry would have found it impossible to push through their drastic programmes. The existence of a relatively simple union structure has certainly made it easier to bring all parties to the same table. Even so, says Mr. Stikker of RSV, "there have been great tensions but we have always been able to find ways and means of overcoming them." Gratefully he comments: "We have kept peace so far."

Andrew Fisher

Shipping

Bleak prospects for improvement

DUTCH SHIPOWNERS are sitting out the prolonged and painful world crisis in their industry with all the phlegmatic resolve they can muster. Exactly when the bleak years are likely to be succeeded by renewed prosperity no one cares to predict. It will certainly not be until well into the next decade even on the most hopeful assessment. One Greek shipowner, tongue firmly in cheek, is said by a civil servant in The Hague to have suggested 1988 to him as the year of recovery, "because it is a nice number."

Symmetry of numbers, however, is not what concerns Dutch shipping executives at the moment. Slack international trading conditions, high labour costs and the financial distortions caused by a weak dollar and a firm guilder have all added to the problems stemming from the severe recession on the tanker and bulk carrier markets. As a result their companies' resources are strained to the utmost.

"It is," says a remarkably unharassed looking Mr. Eelco Postuma, managing director of Nedlloyd Lines, "a fairly gloomy picture." He sees little chance of any marked improvement in the next two years at least: the extra shipping capacity ordered to cope with the boom that followed the oil crisis will take care of that, although some operators have fallen by the wayside. "I can't be all that optimistic about an early return to normal conditions."

The Nedlloyd group, of which Nedlloyd Lines forms a major part, is the biggest of the Dutch shipping companies. With its varied activities in transportation, storage, offshore and industrial service business, it ranks as one of the largest operations of its type in the world. Because of this spread, and bolstered also by its relative financial stability, it has managed to survive with rather fewer scars than some of its rivals.

Even so, profits have suffered sharply under the weight of the crisis. Last year they tumbled by nearly two-thirds at the operating level, though a boost in associates' income and a tax credit made for a rather more respectable net showing. The first six months of 1978 were a dismal period, producing a trading loss, a steep fall in earnings, and the likelihood of a lower dividend.

The second half is proving rather less harrowing for the group. Keeping his hopes at a circumspect distance, however, Mr. Postuma says of the upturn in Nedlloyd's shipping activities that "if this is a trend, then it's a minuscule one." Liners make up between 55 and 60 per cent of Nedlloyd's turnover, and the company is doing its best to average out the varying results from its different routes. On the Australia and New Zealand runs, for example, it is faring reasonably well. The same goes for its joint venture in the Far East, although national lines in the region are causing more pressure.

In the Middle East, though, Nedlloyd is finding the going a good deal more tough. "It's a trade where every shipowner has sought refuge," laments Mr. Postuma. Now that the serious port congestions of two years ago have been sorted out, operators have been crowding in to pick up as much business as they can. Lying between these two ends of the scale, he notes, is "a mixed bag" of routes where the group is able to hold its own.

But what of the smaller Dutch shipping companies? Without the diversified spread and highly modern fleet that Nedlloyd has built up through its heavy investment programme of the past few years, they appear less well placed to weather the chills of recession. At KNSM, whose interests cover transatlantic and European trades, heavy transport and air transport, the current year got off to a poor start after the slump in profits during 1977. In Europe KNSM expects its losses on short liner trades to go down considerably, with an improved result from air transport. But the transatlantic outlook remains overcast and heavy transport is also likely to be depressed.

Holland Amerika Lijn (HAL), which sold its freight transport division to the Swedish Broström concern, has chosen to retrench during the crisis and decamp to more favourable business and financial climes. The company, whose only shipping interests now lie in the cruise sector, is making losses, but is hoping that

CONTINUED ON NEXT PAGE

The ports

Tonnage still depressed at Rotterdam

PORT of Amsterdam has many years stood in the ... of its great rival. ...dam. Tonnage has fallen slightly at Rotterdam ...ly but with 280m tonnes ... handled in 1977 it is the largest port in the ... and it dwarfs Amsterdam ... handled 17m tonnes. ...rdammers could be for... a wry smile then, when ...utch Government decided ...gust to site a natural gas ...nal at Eemshaven in the east of the country and not ...terdam.

...ing long assumed that the ...nal would go where the oil ...ries are grouped along the Maas, Rotterdam realised ...te that Eemshaven was a ...s rival. Not that ...rdam's problems have ...ned in the past year. Its ...ous plans for an outer ... at Ijmuiden have been ...ed and even the much ...ed proposal is still a long ...rom realisation. Tonnage ...ues to decline although a ... spot is the approaching ...letion of the widening of ...msterdam-Rhine Canal, its outlet to Germany.

...terdam has become the ... of Holland's post-war ...mic recovery. Continuing ...utch merchant tradition it ... the country at its most ...trious and efficient, adapt... the needs of world trade. But 20 years after work began on one of the most ambitious post-war projects, the petro-chemical complex, Europoort, Rotterdam is starting to show its age. Tonnage is still depressed by the aftermath of the 1973 oil crisis, while the complex procedures for licensing new industries have deterred potential newcomers.

The 280m tonnes of cargo which passed through Rotterdam last year meant the Dutch port was twice the size of its nearest rival, Kobe in Japan. But this cargo figure was 8m tonnes less than in 1976 and 29m tonnes below the record year 1973. Its share in cargo handled by the seven largest European ports—Hamburg, Bremen, Antwerp, Le Havre, Marseilles and Genoa—fell to 42.9 per cent in 1977 from 43.6 per cent in 1975. The percentage decline is small but the trends are followed closely in the highly competitive harbour world. Growth is expected to resume—but at a slower rate—and the forecast is for cargo volume to pass the 300m-tonne level again around 1980 and to reach 500m tonnes by 1990.

Mineral oil shipments account for 63 per cent of the total—176m tonnes in 1977. This business was most directly affected by the oil crisis but limits to the size of tankers which can be handled at Rotterdam are also hampering growth. The port authorities are pressing for the approach channel to the harbour to be deepened so that it can take 320,000 tonne tankers drawing up to 72 ft. The work has been delayed by a disagreement with central government about who should pay. At present the state meets two-thirds of the cost of infrastructure work and Rotterdam pays the rest. The port wants the state to meet the full cost of improvements thus bringing Holland into line with many neighbouring countries.

Under pressure from the environmentalist lobby in many of the small communities alongside the "New Waterway" which joins Rotterdam to the sea, pollution controls have become tougher in recent years. The difficulties of meeting the requirements of the different levels of provincial and local governments finally persuaded a West German steel consortium, Kruwal, to drop plans for an iron-ore pelletisation plant in 1976. The loss of the LNG terminal to Eemshaven is a second, and potentially more serious loss for the port.

Weakened

With Rotterdam's role as the energy port of Europe already weakened by the growth of processing capacity elsewhere, expansion at Antwerp and Le Havre and the general decline in demand, the gas terminal was seen as the beginning of trade in an alternative fuel. The Dutch cabinet decided, in principle, to site the terminal at Eemshaven to stimulate industry and employment in the depressed north east Netherlands. The terminal is due to handle 4m cubic metres of Algerian gas a year for 20 years, starting in 1984. Holland's plans to increase gas imports mean the terminal may ultimately be called upon to handle much larger volumes.

Another of Rotterdam's staple commodities — iron-ore — has been hit by the recession in the steel industry and only 29m tonnes were handled last year compared with 36m tonnes in 1974. Grains and oil seeds are a rapidly growing sector though, and 21m tonnes were handled last year. The outlook for coal deliveries seems good in the longer term in view of plans to reduce the role of gas in power stations and heavy industrial processes but government policy has yet to be worked out and coal is a dirtier fuel than oil or gas.

Amsterdam has withstood better than any other port the silting-up of the Zuyder Zee (now the Ijsselmeer), which has reduced once-thriving trading centres such as Hoorn and Medemblik to picturesque yachting harbours. But Amsterdam's story has been one of a continuous battle with its unfavourable inland situation and this problem still dominates the thinking of the port's managers. The port depends on the 15 km North Sea Canal which links it, by locks, to the sea at Ijmuiden. While Rotterdam is primarily a port and thinks as such, Amsterdam's port is only one element in the city's economic structure. This means the port's essential role is sometimes overlooked, harbour officials claim.

The North Sea Canal can only take vessels drawing up to 45 ft and has made Amsterdam inaccessible to the larger tankers and bulk carriers. Road tunnels under the canal mean it could only be deepened at great cost. A Transport Ministry report published in 1970 advised the construction of an outer port at Ijmuiden. This harbour could handle larger vessels than Amsterdam proper and the turn-round time would be cut because the journey along the North Sea Canal would no longer be necessary.

A Fl500m ($235m) plan was prepared for a harbour to be built in the angle between the southern sea wall at Ijmuiden and the coast, providing coal, dry bulk goods, grain, oil and container handling facilities.

Viewpoints

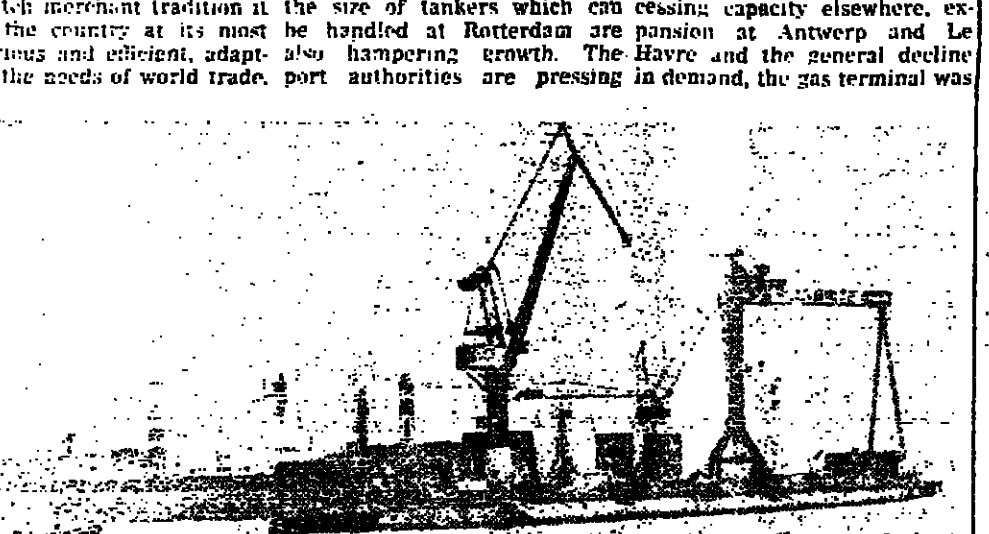
Opposition on environmental and planning grounds has gradually reduced the scope of the plan and the new Amsterdam city council is opposed to harbour construction outside the area enclosed by the existing piers at Ijmuiden. The council is in favour of new cargo handling capacity being built within the piers. A commission representing the interested ministries and local authorities reported in December that a coal and ore terminal is feasible alongside the north pier and more detailed studies are now being carried out. The port authority hopes these will produce a compromise. Forecasts made at the time of the initial ambitious plan showed that the new harbour at Ijmuiden could raise Amsterdam's total volume of cargo to 65m tonnes in 1990, compared with 34m tonnes if the harbour is not built.

While the outer port plan continues to make slow progress, the other large infrastructure project important for Amsterdam is nearing completion. The widening of the Amsterdam-Rhine Canal is due to be finished in 1980. The canal, which was built in 1952 to speed the journey to Germany, will be able to accommodate groups of up to four unpowered barges pushed by a single tug. At the moment groups of only two barges can make an unbroken journey along the canal. Its entire 126 kms length to the German border is illuminated and it is open to navigation 24 hours a day.

From a peak of 24.1m tonnes handled in 1971, cargo going through Amsterdam fell to 17.2m tonnes last year—9 per cent less than in 1976. The volume of mineral oils handled was 4.6m tonnes while general cargo accounted for 3.1m tonnes, ore for 2.6m and cereals for 2.5m. The independence of Indonesia in 1949 lost Amsterdam much of its trade in rubber, tobacco and tea, but it has become the largest cocoa handling port in Europe. About 200,000 tonnes are imported annually, of which 120,000 tonnes are for processing in Holland.

Amsterdam continues to fight what it calls the "monoport" mentality which sees Rotterdam as the only harbour worthy of the name in Holland. The Government decision on where to site the gas terminal shows, though that even Rotterdam is not having everything its own way. Amsterdam argues that there is room for two major ports in Holland. The present government seems to think there should be room for even more, and is prepared to support the smaller ports against the dominance of Rotterdam.

Charles Batchelor



RSV's Verolme yard at Europoort

...rospects

CONTINUED FROM PREVIOUS PAGE

...integration of two cruise ... and the sale of its Irish ...ard, Ross, will lead to some ...ery this year.

...a bid to take more ...tage of the high growth ... in Brazil, Venezuela and U.S. west coast, KNSM has ...investing in new container ..., with a further series due ...ompletion in the mid-1980s. ...ays Kol, an Amsterdam ...diary of Britain's Barclays ..., sees scope here for KNSM ...improve its performance. ... these vessels' large ton... and efficiency mean a small ...r force and profitable ...tion.

...th a gross registered ...ge of 5.3m last year, ... Dutch fleet — including ...trations in the Dutch ...les — ranked a lowly ... in world terms. The ...ge figure was below that ...ded for each of the pre... three years, having shown ... change on balance since ... Yet since that year the ... merchant fleet has ex...ed by some three-quarters ...ound 400m grt.

...allness does, however, ...its advantages. Thanks to ... limited involvement in the ...en tanker and bulk car... markets, Dutch shipowners ... managed to steer clear of ...line-making bankruptcies. ...have seen no calamities," Dr. Gerard Bast, who is ...executive member of the ...il of the Dutch Ship...rs' Association. In his annual report the association was not too cheerful about the prospects for its members in the current year, one reason being the undermining of Dutch shipping competitiveness by the strength of the guilder against the dollar, in which most income is received.

Dutch manning costs are more or less on a par with those of Sweden, which is about as high as you can go. Thus, says Dr. Bast, the industry is keen to reduce its manning levels to what it sees as a financially more supportable size. Sweden and Norway are a little way ahead of the Netherlands in their attempts to do this. It has become obvious, he adds, that "high wage countries can only survive in the shipping industry if the proportion of labour costs can be cut, thus blunting the competitive edge of low-cost nations."

Since trade unions can hardly be expected to greet such a notion with open arms, Dr. Bast concedes that there are some tough talks ahead. The unions have in fact accepted the principle that high wage costs must be accompanied by some degree of phased manning cuts. Initially, discussions will focus on the larger ships, moving later to the smaller coastal ships, tugs and supply vessels.

Also taking part in these talks is the Dutch Government, which provides the industry with financial support through tax credits and investment premiums. Up to the middle of this year it offered investment premiums of five times 4.75 per cent of a contracted commitment over five years. The scheme ran for two years, during which Dutch shippers invested some Fl 3bn ($1.49bn)—split roughly three ways between ocean, coastal and dredging and other vessels—of which premiums accounted for around Fl 600m.

Since July, all branches of industry are entitled to offset against tax 15 per cent of the cost of any approved investment: in addition, a trimmed down version of the premium system is being operated on a five times 1.1 per cent basis. So far, says Dr. Bast, no requests for premiums have been made by shipping companies under the new two tier scheme. As with the old one, foreign orders also qualify where price and delivery terms are deemed superior to those of Dutch manufacturers.

Shipping companies have in the past been prepared to go to court where the Government has not agreed that a foreign tender for a particular order was superior to a Dutch one. Since the regulations are fairly precise, explains Dr. Bast, "we won most of the cases." Most companies try to strike a balance between home and foreign yards. Nedlloyd, for example, compromised neatly by ordering two of its new roll-on roll-off ships in Holland and two in Japan.

A.F.

Construction

Major advances

AFTER CENTURIES of battling against the encroachment of the sea on their own low-lying country, the Dutch have built up a considerable reputation abroad for their ability to redesign the landscape.

Drawn partly by demand from developing countries in need of new harbours and dams and partly by the limited size of their home market, Dutch construction companies now book most of their turnover and profits outside Holland.

With the draining of the Zuyder Zee polders nearly completed and the construction of dams across the mouths of the Scheide, Maas and Rhine—the Delta plan—there seems little left to be done.

Priorities have changed radically since Dr. Cornelis Lely conceived his plan to dam the mouth of the Zuyder Zee and reclaim much of the bottom of the soft-water lake, the Ijsselmeer, that would be created.

When the Dutch Parliament, in 1918, passed the Bill authorising the start of the work, the prime consideration was the need for more agricultural land. Even when work started on the Delta Plan in 1954, a year after the disastrous floods which claimed 1,850 lives, the demands made on the engineers and builders were more simpler than now. The dams linking the islands at the delta mouth were to keep out the sea and guarantee the safety of life behind the dykes.

There is still a long way to go before the Dutch have stopped drying out the damp patches and stitching together the isolated corners of their country. The schemes which are being carried out—or which are still planned—now have to meet the demands of a population far more concerned with the quality of life than the bare necessities of more land or higher dykes.

Some schemes have not been able to meet all these demands and have been shelved. It is now most unlikely that the Friesian Islands will ever be joined by dams to enclose the Waddenzee, an area rich in wild life and providing recreation for many Dutch and German tourists.

The need to drain the Markerwaard, the last of the Ijsselmeer polders, is also being questioned. The importance of keeping open a large area of water for sailing, fishing and swimming, near the crowded Randstad, is increasingly accepted.

But while some long-cherished projects have been dropped or modified, new ones have been conceived. Detailed plans have been drawn up for an industrial island off the coast—there are projects to reclaim land from the sea near The Hague to build housing; while the idea of an off-shore platform supporting clusters of windmills to generate electricity is also being considered.

The dam across the eastern Schelde estuary, which is now being built, illustrates the increased sophistication required from today's engineering projects. Conceived in the original [illegible] Plan as a simple barrier across the estuary mouth, costing Fl 1.5bn ($7.15m), the proposed dam now consists of a chain of pillars through which, under normal weather conditions, the tides can ebb and flow.

Complex

The choice of the more complex structure raised the price to Fl 4.2bn. This permits the natural rhythm of the tidal estuary to be maintained, allowing the oyster farmers to continue in business and preserving the natural life of the area.

In times of storm and high-tide 80 metal gates will be lowered, blocking the flow of water between the pillars. The 3.2 km-long dam is due to be completed in 1985.

While the basic technology of building dams and draining polders is well known, the scale of today's projects and their increased sophistication means tecnical advances are still being made.

In the closure of Veer channel as part of the Delta Plan in 1961, hollow caissons were used for the first time. In place of the normally solid structure they were built to allow the water to flow freely through.

When the last one was in place and the tide just on the turn the sides were closed and the water divided. The Haringvliet dam, completed in 1970, was built with the help of an overhead cable car system which carried concrete blocks out to the desired spot and dumped them into the sea.

Not part of the original Delta Plan, but an extension of the same idea of linking the islands of Zeeland to the economic life of the mainland, is the Western Schelde bridge-tunnel. This will join the southernmost strip of Zeeland — now only accessible by ferry and road through Belgium—to the rest of Holland.

The problem here is not of withstanding strong tides and storms but of linking the two sides of the estuary, without restricting shipping en route to and from the busy port of Antwerp.

Work on the Fl 900m bridge-tunnel is due to start by the Spring of 1981 and should take seven years. A two-kilometre tunnel from the north bank will break surface on an artificial island in mid-stream and then continue for another 1.3 km as a bridge.

The work will be carried out by a group of three Belgian and five Dutch construction groups, including Ballast-Nedam and Hollandsche Beton.

The "*in-poldering*" of the Markerwaard would complete the jigsaw puzzle of the Zuyder Zee plan. A commission set up by the Ministry of Transport and Waterways has come out in favour of reclaiming 40,000 hectares of the Ijsselmeer.

This modified plan would still leave a large lake surrounding the polder for recreation and fishing. The farmers also want the project to go ahead to provide good agricultural land.

There are no plans to build overspill towns to relieve pressure on Amsterdam on the new polder, but it is seen as a possible site for a second international airport when Schiphol reaches capacity.

No decision has yet been taken, though, on whether to drain the polder. Even if work does not start immediately, a definite yes-or-no would still help planners trying to create an acceptable townscape in Amsterdam and the province of North Holland.

Artificial islands are not new. Many have already been constructed as work sites for oil and gas exploration, for sea defence and as first land-ho[illegible] in the closing-off of arms of the sea.

None of these is as ambitious, though, as a plan for an industrial island in the North Sea.

A largely Dutch consortium, led by the Bos Kalis Westminster construction group, but also with British, French, U.S. and Swedish companies, began a feasibility study in 1973. The idea is to move a large number of heavy industries out to an island 50km offshore from the Hoek of Holland.

The island, measuring 5 by 10km, would house a refinery, petro-chemical industries, steel works and a power station. Oil and gas tankers could enter the large harbour area in almost any weather conditions.

The consortium estimates work would take eight years. The cost would be Fl7.8bn at 1973 prices although direct investment in and on the island would total Fl35bn. The plan is a logical extension of the development of the port of Rotterdam which is now expanding on to the Maasvlakte, an area of reclaimed land at the mouth of the Maas, for its most polluting and dangerous industries.

Many problems remain to be solved though, an important one being whether the 27,000 workers needed would accept the disruption to their lives of three-day shifts on the island.

Industry's response has been muted, with some firms fearing that once they were on the island they could not return to the mainland.

The pressure of living and farming space started the Dutch on the peaceful expansion of their territory. The desire for clean air and room for recreation is just as powerful now.

Attempts to persuade people and jobs to move to the un-crowded east of the Netherlands have had little impact. A great deal of imagination—and work—is therefore going into making more room in the densely populated western strip.

Aircraft

Finding a partner

THE DUTCH aircraft industry—in effect, the Fokker group—is going through a period of rapid change.

As the company's nine-year co-operation with Vereinigte Flugtechnische Werke (VFW) of West Germany comes to a close, Fokker is turning its attention to France.

Britain has, in Dutch eyes, proved an unreliable partner in cross-border aerospace projects, so Fokker is also searching outside Europe for partners.

The turboprop F-27 continues to find new customers long after its intended sales-life is up, but Fokker has well-advanced plans to produce a new version of its F-28 jet. In the military sector, work has started on the assembly of the F-16 fighter for the Dutch and other NATO airforces.

Fokker's hopes that there would be an important place for it as a partner with the German aircraft industry seem unlikely to be realised. The German Government appears unwilling to let Fokker join the new company it hopes to form from Messerschmitt-Boelkow-Blohm and VFW. Fokker sees no future for itself as an independent airplane manufacturer and is now looking for someone to take the Germans' place.

Apart from in the field of engines, the British aircraft industry is not that partner, as Fokker's new chairman, Mr. Frans Swarttouw, made clear, earlier this month. Britain often shows little desire to buy the aircraft which its industry helps to build.

Despite the 40 per cent participation of British companies in the F-28 jet, Fokker had to wait 10 years for a UK airline to order one of the aircraft. Air Anglia, the Norwich-based regional airline which already flies the F-27, placed an order for two F-28s in May.

Britain has also gone ahead with the development of the BAe 146 (formerly the HS 146), a short-haul feeder airliner seating 70-90 passengers, which will be a direct competitor with the F-28. So outraged were Fokker and the Dutch Government at the decision to develop the BAe 146 that they have protested to the European Commission that it "breached" agreements not to duplicate new aircraft projects.

They are also fighting the decision on the grounds that state aid is being used to distort competition within the Community.

Finally, Fokker is wary of Birtain's poor labour relations record. Deliveries of wings for the F-28 have been held up by labour unrest at Short Brothers of Belfast, Fokker says.

The German and Dutch aircraft industries on the other hand are not investing in competing aircraft and both countries offer sizeable markets for Fokker. With West Germany now going its own way, France is the most attractive prospect.

In the longer term, Japan, the U.S. and other countries outside Europe may want to co-operate with Holland, Fokker hopes.

The success of Franco-Dutch co-operation hinges on the Dutch Government's readiness to order a Dassault aircraft, the Breguet Atlantique, to replace the Dutch navy's fleet of reconnaissance Neptunes.

However, the navy has come out in favour of the Lockheed Orion as a replacement for the Neptunes and the U.S. aircraft is much cheaper than the Atlantique.

The Atlantique is estimated to cost around Fl 64m ($30m) compared with the Orion's price of Fl 40-45m.

The volume of reciprocal orders for Fokker and the prospect that France will join in the development costs of its new jet, the F-29, make the French much more interesting partners for the Dutch firm, though.

France has said it will order 12 F-27s for use as trainers by

CONTINUED ON NEXT PAGE

جاءنا من الأصل

Energy

A radical policy review

AND HAS for many years synonymous with gas in uropean energy picture. e growing realisation that l to the gas age is in sight rced the Government and ry to start a radical of all aspects of energy As domestic gas sup- dwindle the country will e heavily dependent on ed oil until coal and r energy can take over of the load towards the the century.

has led to intense y among energy study and the economics ry's recent budget randum lists a number of s which are being con- d. These include schemes e energy, the increased coal, the import of gas, evelopment of new fuels ation on a nuclear power programme.

Government wants a decision on the future of ir energy. Approval in ple for the building of 1,000 mw nuclear power is was given as far back 74, but doubts about the nmental dangers have l the proposals ever since. dy of methods of storing ar waste is to be speeded d there are plans for a lic debate" on the whole m of nuclear energy.

Cabinet has set aside m ($135m) for a national ation programme in 1978 1979, while a further n will be made available gh the new investment in- es scheme, one of the ia of which is the energy- g element of industrial in- ent. On top of the rous bodies already in- d in the review of energy, nergy Study Council is to t up to "advise on, co- ate and compare" the ent energy options.

r the moment though gas is king. Holland has the st proven reserves of al gas in Western Europe domestically produced gas meets 55 per cent of the country's total energy requirement. It covers 70 per cent of household needs, 40 per cent of industrial consumption and nearly 80 per cent of demand from electricity producers.

Proven reserves, including imports, totalled 1,818 bn cubic metres at the start of 1978—enough to meet expected domestic and export demand up to the year 2002 with more than 250 bn. cubic metres still in reserve after that date. But following the finding of the huge Slochteren field in Groningen in 1959 the rate of discovery has slowed. No new major finds are expected and of the 46 exploration and confirmation borings carried out by production companies on land and off-shore in 1977 only one in eight proved positive. This compares with a rate of one in three in 1976.

The search area could be expanded but this too raises problems. Nederlandse Aardoliemij (NAM), which is jointly owned by Shell and Esso, wants to take gas from under Ameland, one of the Friesian islands which run along Holland's northern coast. The reserves have been estimated at 35 to 40m cubic metres but the provincial government of Friesland and environmental groups are opposed to the plan.

The national gas distribution company, Gasunie, has now reversed its earlier policies of selling off the gas as cheaply as possible. Prices have been brought into line with those of oil and export contracts are being allowed to run down. To preserve its own "strategic reserve" for as long as possible, Holland has contracted to import liquid natural gas from Algeria and Norway. It is also talking with the Soviet Union, Iran, Nigeria and countries in the Middle East about more imports.

Oil is expected to be the country's major energy headache over the next 10 to 15 years. Holland is one of the few OECD member countries whose oil imports are forecast to rise in the near future. Present estimates put the level of imports at 50m tonnes in 1985—double current levels. This earned Holland a rebuke in a report produced earlier this year by the International Energy Agency (IEA) in Paris. The IEA called for Holland to put more emphasis on developing coal and nuclear energy and to speed up exploration in the Dutch sector of the North Sea.

Dutch domestic reserves of oil are small and are concentrated in two main concessions, Schoonebeek, in the north-east of the country, and Rijswijk, near The Hague. Together these produced nearly 1.4m tonnes of oil in 1977, only a small part of Holland's domestic requirement, but the NAM hopes to increase daily production levels at Schoonebeek to 4,000 tonnes from 2,500 tonnes by injecting steam into the oil-bearing structure. More than 20 years of production at Schoonebeek have used only 28m tonnes of the total estimated reserves of 170m tonnes.

Holland imported about 5m tonnes of coal last year—30 per cent from the U.S., 24 per cent from EEC countries, 18 per cent from Australia and 15 per cent from Poland. It is ideally suited to receive large quantities of coal by sea and the ports of both Rotterdam and Amsterdam have sizeable coal handling terminals. But the airborne pollution caused by coal-fired power stations is expected to place limits on the use of coal by the environment-conscious Dutch.

The coal reserves in the south-eastern province of Limburg are often cited as offering the possibility of increasing the country's self-sufficiency in energy. But a recent survey of the economic potential of these coal fields came out firmly against reopening the mines. This was despite the report's conclusion that there are 710m tonnes of technically recoverable coal underground. The cost of resuming work at the mines, which were gradually closed down in the late 1960s and early 1970s, is out of proportion to the contribution the coal would make to Holland's energy requirements, according to a report published in May. The one mine which has been kept open in the hope of restarting production will now be closed. Underground conversion of coal to gas is unlikely to be feasible on a large scale for many years yet, although developments in this area should be closely followed, the report said.

Nuclear energy has produced a great deal of political heat over the past few years but made little contribution to supplies of energy. Fears that enriched uranium, exported from Holland, could be used by Brazil to produce nuclear weapons have led to a series of stormy political debates in recent months. Holland has not experienced the violent demonstrations against nuclear power stations which have taken place in neighbouring countries, but this has been due, at least in part, to the halt imposed on the nuclear development programme over the past four years. Now, under pressure from the electricity companies, and given the eight-year lead times required for nuclear power station building, the new centre right government is pressing for action.

The Dutch may not have invented the windmill but they have probably done more than any nation to exploit its full potential. Appropriately, wind energy is one avenue that is being explored. An experimental 25-metre horizontal axis turbine has been designed and the modest wind energy budget has been increased. Wind energy could, at the most, contribute only four per cent of Dutch energy requirement. But given the problems associated with many other fuels it is an option Holland is considering very carefully.

C.B.

artner

TINUED FROM PREVIOUS PAGE

avy if Holland decides in ur of the Atlantique. The ch have also hinted they interested in a maritime on of the F-27 and also e F-28 as a possible re- ment for the Caravelles flown by Air France and nter.

ince also wants Holland to a risk-bearing stake in the s A310. Fokker is less on this plan though, since rs that money put into the s will be at the expense e development of the F-29.

less Holland decides for Atlantique, this whole n of reciprocal deals will down and Fokker's e is threatened, Mr. Swart- says. If Holland opts for Atlantique there is a good e that West Germany will v suit. A favourable deci- by the Dutch is therefore y important for the h.

e Dutch Government has taken a hand in the nego- g at the highest level. The omics Minister, Mr. Gijs Aardenne, and the State tary at the Defence Minis- Dr. W. van Eekelen, are ng the negotiating team ance.

kker's decision to put a Royce motor into the F-29 ues its existing relation- with the British firm. Royce engines already r the F-27, the F-28 and ill-fated VFW-614, which has now been taken out of production.

The F-29 will be powered by two RB 432 turbofan engines with a thrust of 16,000 to 18,000 lbs each. This engine is economical on fuel, is quiet and is of sufficiently advanced design to match the expected 20-25 year life of the new aircraft.

Fokker foresees a potential market for up to 1,200 of the F-29s and believes it can realistically hope to sell 350-400. The first of the 110-130 seat short-haul jets will be delivered to customers in 1984-85 if the project goes ahead as planned. Fokker believes there is a more clearly defined market for the F-29 than for the F-28, which has not lived up to expectations.

While the civil side of Fokker's production programme is attracting most of the attention at the moment, work is also going ahead on a major military order. Final assembly of the first of the 174 F-16 fighters for the Dutch and Norwegian airforces began in April and the first aircraft is expected to make a test flight next January.

Apart from the assembly work, Fokker is also building 617 fuselage centre sections for Holland, Norway, Belgium, Denmark and the U.S.

Production will continue at the rate of three a month until early 1984, by which time the F-29 programme should be well underway.

C.B.

Some leading personalities

Dries van Agt

Dries van Agt

DRIES VAN AGT is in many ways the last man you would expect to find as Prime Minister of the progressive, pragmatic Dutch. Following on from the urbane professional politician, Joop den Uyl, Mr. Van Agt's approach to the job is thrown into even starker contrast.

His considered style of delivery reveals his lawyer's training, while his stand on issues such as abortion reflect his Roman Catholic upbringing. Neither seem at first sight the best equipment for a politician in a country where coalitions and compromises are the accepted way.

Mr. van Agt has said time and again that he is not cut out for the political life, although his critics see this simply as a ploy to attract the voter disillusioned with the usual run of ambitious politicians. This has not stopped him from consolidating his party's popularity in the local and provincial elections earlier this year following his surprise emergence as Prime Minister.

For a man who claims to have little feel for politics he has notched up a remarkable number of successes over the past two years. After his refusal to back down on proposals for land reform brought down the den Uyl government in March, 1977, he outmanoeuvred the far more experienced Mr. den Uyl to emerge as leader of the largest Government party and Prime Minister.

Born in the small town of Geldrop near Eindhoven 47 years ago, Mr. van Agt studied law at the Catholic University of Nijmegen. After two years in private law practice he joined the Ministry of Agriculture, leaving after five years for the Justice Ministry. He interrupted his civil servant's career to become Professor of Criminal law at Nijmegen University, but in 1971 returned to The Hague—this time as Justice Minister. He retained his portfolio when the Biesheuvel Government was replaced by the Den Uyl cabinet in 1973.

Mr. van Agt's years at the Justice Ministry were not without their controversy. His proposal to release three war criminals serving long sentences in prison in Breda came in for strong criticism in parliament and failed to secure the release of the "Breda three."

During the public and parliamentary debate over the planned closure of an abortion clinic, Mr. van Agt said in a letter to Parliament that he found it difficult to remain as Minister of Justice in the circumstances. He eventually decided to stay on, however, in order to be able to continue to influence the course of events. His handling of the arrest of Mr. Pieter Menten for alleged war crimes also earned him strong words in Parliament. Mr. Menten fled the country hours before the police came to arrest him and was finally discovered in a Swiss hotel.

The Christian Democrat Party, which Mr. van Agt headed until his appointment as Prime Minister, is a grouping of his own centrist Catholic People's Party, the left-wing Anti-Revolutionary Party and the right of centre Christian Historical Union. Mr. van Agt faces greater problems holding this diverse group together than he does working with his coalition partner, the right-wing Liberal Party.

C.B.

Hans Wiegel

Hans Wiegel

HANS WIEGEL, the Deputy Prime Minister, is only 37, but his political curriculum vitae is as long as Mr. van Agt's is short. When he was appointed Minister for Home Affairs and Deputy Prime Minister last December he already had ten years' parliamentary experience behind him. Mr. van Agt became Justice Minister in 1971 with no political background at either a national or local level.

Born in Amsterdam in 1941 Mr. Wiegel studied political and social sciences at the City University. He joined the youth wing of the Liberal VVD Party in 1961 and rose to become its national chairman within four years.

He was the youngest MP when he took up his seat in 1967. Four years later he became parliamentary leader of his party — the youngest ever appointed by any party.

Mr. Wiegel's relaxed dealings with the Press owe a lot to his own journalistic experience. He edited his party newspaper for a time and was also columnist for a national daily, Algemeen Dagblad. He was on the staff of the Netherlands Broadcasting Corporation.

His youthful good looks and energetic approach have improved his party's image, but his strong attacks on the den Uyl Government in its four years of office pushed the VVD more to the Right. This provoked a debate within the party on the extent to which it was deserting its liberal ideals and becoming a conservative party. In fact its policies do put it firmly in the conservative corner. On economic policies, for example, it is in favour of the spending cuts planned by the present Cabinet and sees improved company profits as a prerequisite for reducing unemployment.

Since he took up his ministerial posts and stepped back from the day-to-day parliamentary debate, the party has missed the sharp profile he gave it. This was reflected in its subdued performance in the provincial and local elections last spring. Although the results were favourable for the governing Christian Democrat-Liberal coalition, as a whole the Liberals lost ground.

Mr. Wiegel and the other Liberal ministers have clearly been able to establish a good working relationship with their Christian Democrat partners. Whether the new coalition would manage to hold together after the Christian Democrat's four years of working with the Socialists was a big question mark hanging over the present Cabinet. In the event Mr. van Agt and the Right wing of the Christian Democrats have prevailed. There has been more conflict between the Left wing of the Christian Democrats and the Cabinet than between the two coalition partners.

The two portfolios Mr. Wiegel has taken on, and his party's junior position in the ruling coalition, have edged him somewhat into the background in the past year. He has come a long way before his 40th birthday though, and undoubtedly plans to go much further.

C.B.

Willem Aantjes

Willem Aantjes

WILLEM AANTJES is the leader of a sizeable group of rebel MPs determined to keep the Christian Democrat Party true to what they see as its principles. This brings him into frequent conflict with the cabinet, in which Christian Democrat ministers are in the majority, and with Prime Minister Mr. Dries van Agt.

At the same time the 55-year-old Mr. Aantjes is leader of the Christian Democrats in the lower house of parliament. While disputes between a party and its ministers in government are not uncommon in Holland or elsewhere, the gap between the two sides in the present Dutch Parliament is particularly wide.

The small majority which the Christian Democrat - Liberal party coalition holds in Parliament makes Mr. Aantjes's position particularly strong. With only 77 of the 150 seats under its control the Government could easily be brought down. But small majorities can also be a means of keeping rebels in order, and Mr. Aantjes has not yet pushed his revolt to its logical conclusion.

Born in the village of Bleskensgraaf near Rotterdam he carried out his law studies at Utrecht University. A member of the Reformed Church, when he moved into politics he took a seat for the Calvinist Anti-Revolutionary Party (ARP) in Parliament in 1959. He remained an MP for the ARP until 1977, when it merged with the Catholic Peoples' Party and the Christian Historical Union to form the Christian Democrats.

The ARP forms the radical wing of the new group, and its members have led several fights against cabinet policy in the present Government's 10 months in office. One of the fiercest battles has been over nuclear energy. Doubts among a large number of MPs whether Brazil had given sufficient guarantees against misuse of the enriched uranium to be supplied by Holland brought the Government the nearest it has been to defeat.

In the end, however, faced with the prospect of bringing the Government down, opposition within the Chirstian Democrats crumpled.

For all his desire to keep his party true to its principles Mr. Aantjes has ultimately been able to compromise. He opposed any ARP members becoming ministers in the den Uyl cabinet when it was formed in 1973. But when two ARP MPs did offer to join he came out in their support. And while Mr. Aantjes may head the revolt against the Government it is others who have gone as far as stepping down.

Dr. Roelof Kruisinga gave up the Defence Minister's portfolio in March due to a disagreement over cabinet policy on the neutron bomb. Earlier this month Mr. Jaap Boersma, Social Affairs Minister in the previous government and a member of the ARP, announced he would withdraw from politics because he disagreed with the compromises the Christian Democrats were being forced to make. Mr. Aantjes intends to stay and see the fight out. His will be a key role in deciding the fate of the present coalition.

C.B.

Wim Kok

FOR DUTCH trade union leader Wim Kok the coming months will probably be the most important in his short and very successful career. The country is on the eve of national wage talks and they will be held against a particularly gloomy background. Unemployment is higher than at any time since the war, even though not excessive by European standards. Various industries, such as shipbuilding and textiles have deep problems. The well-known Dutch multinational companies such as Shell, Unilever and Philips sometimes look as though they are deserting Holland in their quest for larger and more profitable markets. Even many small and medium-sized Dutch businesses invest more outside the country than they have ever done before.

The Netherlands has known few trade union leaders who have gained so much respect and in such a short time, as Wim Kok. Today, at only 40, Kok has been President of the FNV, the country's dominant trade union federation for nearly three years. Kok, tall and slim, and a skilful negotiator, has a most unusual background for a trade unionist. He graduated from Nijenrode, the country's foremost business school, and spent a short time in an international trading company before he joined the Socalist Trade Union Federation. So he has never held a blue-collar job.

At a European management symposium in Davos not long ago Kok impressed his audience by answering fluently questions on a range of subjects in three European languages. Foreign embassies in The Hague see Kok as the "coming man," as one diplomat put it, who could rise to become "at least a Cabinet Minister." At the modern but modest head office of the FNV in a nondescript suburb of Amsterdam, Kok's authority is unchallenged.

Dutch companies' desire to expand outside their own borders cannot solely be attributed to the relatively limited size of the home market, or the strong Dutch guilder combining with generally high costs to affect the country's competitive edge. Some of the more radical social reforms pushed through by Kok's union, with the support of the previous left of centre Cabinet led by the Socialist Mr. Joop den Uyl, have frightened off a number of Dutch and foreign companies and investors.

The reforms, in the field of industrial democracy, capital growth sharing and national investment policy, all have or will become law. But the FNV says that the current government has taken out many of the stings that could upset the business community. The Hague is very anxious to stimulate investment, as part of its fight against unemployment. "The

Wim Kok

Government has kept the labels but cunningly changed the contents," Wim Kok contends.

For the 1979 wage negotiations, Kok and his men have tabled relatively moderate pay claims. Only the lowest income groups may get large increases. Through self restraint, the unions hope to get the employers to sign so-called job security agreements.

But the FNV appears to be in a rather weak bargaining position. For a start it lacks the moral support of the current government and it remembers only too well that even with the Socialist Den Uyl in power, unemployment has soared. Further, Dutch employees and those in society living off social security are now, in this economic recession, better off than in almost any other country. For this, the (temporary) natural gas revenues can be thanked. Finally, the union movement realises that any action similar to the strikes of early 1977, the most extensive since the war, would undoubtedly lead to more unemployment.

The fact that Mr. Kok realises all this probably explains why he is trying so hard to push through his co-determination ideas and to get a grip on investments.

M.v.O.

Chris van Veen

Chris van Veen

THE PAST year has been an unusually peaceful one for Mr. Chris van Veen, chairman of the VNO, the largest employers organisation. The failure of socialists and Christian-Democrats to agree on a new coalition at the end of 1977 was regretted by no-one in the Dutch business community. The employers gave the current centre-right cabinet a cordial welcome.

During the almost four-year reign of Mr. Joop Den Uyl, Van Veen had repeatedly attacked the Socialist premier for pursuing policies which, he said, would ruin the national economy.

Van Veen (55) was thrown in at the deep end when he was appointed the first full-time chairman of the VNO in January 1974. The Netherlands was the subject of an Arab oil embargo, while in The Hague, the employers' chief faced the country's first ever Socialist-dominated cabinet—a cabinet which in Van Veen's view sided with the trade unions on most major issues.

Mr. Wim Komk, Van Veen's trade union counterpart may have had an unusual background in that he has never held a blue-collar job. Chris Van Veen himself had never managed a company when he was approached by the VNO to become employers' chief. He rose from the position of municipal civil servant to eventually become a cabinet minister, in charge of education and sciences, in the centre-right coalition led by Mr. Barend Biesheuvel, (1971-1973). Van Veen had been state secretary at the Ministry of Home Affairs in the preceding four years. He is a member of the Christian Historical Union Party which is now part of the Christian Democrat Federation.

Van Veen has given a warm welcome to the Government's recent economic austerity package, although he has definite doubts whether the announced measures will be sufficient to achieve the objective, i.e. to trim the growth of public expenditure to create much needed leeway for the corporate sector.

For four years, the employers' leader has been hammering home the message that costs must be reduced substantially if Dutch business and industry are to become as competitive as they used to be on world markets.

Prior to his appointment as VNO chairman, Van Veen had spent four months travelling up and down the country to better understand the problems of the member companies.

A dogged, if somewhat unimaginative negotiator, Chris Van Veen has built up a reputation as a moderate, but also as a man who gets things done. During the serious bout of strikes early last year, he was blamed by some of the HU members for giving way to the main union demand—full price compensation—too quickly. But by doing so he prevented a near-certain crippling of Dutch industry which would have had disastrous consequences for everyone. As it turned out the government paid the bill.

Van Veen will need all his considerable political skills to steer the employers through the coming important national wage negotiations. He also has to lead the longer term battle for a revival of Dutch industry.

C.B.

The food industry

Expanding abroad

COMPANIES in Holland ... ie largest single industor, accounting for about ... cent of total manufac... turnover. They range from giants such as Uni... hrough the large agri... co-operative organisa... hich are little known ... Holland to a host of ... pecialist companies. ...ding on whether they ... rproducts direct to the ... under their own brand ... r bulk products to other ... ng concerns or the large ... hains, they are house... imes or practically un... even in Holland. ... baby foods and milk ... are well known to the ... housewife while the ... s of a diversified food ... uch as Wessanen reach ... der other labels. Com... such as Heineken and ... n the other hand, are ... mous in beers and

... bewildering range of ... ies and the pre... nce of small businesses ... food processing sector ... t a difficult industry to ...

Its importance to the ... conomy is clear from the ... gures, though. Turnover ... e foodstuffs industry ... ed to Fl 45bn ($21.4bn) —a quarter of industry's ... urnover. It was more ... ice the size of the next ... sector, chemicals, and ... four times the size of ... electrical engineering ... y. Investment totalled ... n, placing it behind only ... mical and the combined ... working and engineering ... ies in importance. It ... d employment for more ... 10,000 workers—about 15 ... it of the entire industrial ... rce.

... ly 60 per cent of Hol... Gross National Product ... from exports but the food ... y is largely domesti... rientated. Two-thirds of sales are made in the Netherlands, while many of the raw materials are produced by Dutch farmers. This strong link with agriculture is reflected in the large number of co-operative organisations in the industry, particularly where dairy products, mixed foods, sugar and potatoes are concerned.

Importance

The importance of the home market gives the industry a stability lacking in the more export-dependent sectors, but it also means expansion is limited by the slow rate of population growth and the saturation of certain markets.

Sales in Holland have been growing at a rate of 2-3 per cent a year recently—half of it the result of the increase in population. Exports may be less important to the industry in volume terms but they have been increasing at a much faster rate—around eight per cent a year—than home sales. They now account for 15 per cent of all Dutch exports.

The low rate of growth is expected to continue over the next few years. With rising prosperity, spending on necessities tends to become a smaller share of total consumption. The population of Holland is expected to hold steady around current levels of 14m, whereas raw materials are increasingly being processed in the country of origin. The answers to these problems lie in the further streamlining of production techniques, company mergers and a shift to the production of better quality products. Exports will become more important, although the home market will still account for the greater part of sales.

Unilever, the joint Dutch-British group, is the fourth largest industrial company outside the U.S. although its food division accounts for only half of this turnover. Food sales amounted to Fl 23bn in 1977 out of a total turnover of Fl 44bn. The margarines, other edible fats and oils and dairy products division and the general foods division which includes frozen foods, meat and fish) each accounted for half of hte food turnover. Margarines and frozen prducts were among the best performing sectors in the second quarter of this year.

But with the bulk of sales in the developed economies of Western Europe and North America, the limits placed on growth in the Netherlands—with a relatively stable population and a decline in spending on necessities—apply in these markets too, Unilever was only able to maintain its position in the world edible fats and oils markets in 1977 while sales of convenience and parkaged foods were held back by the slow economic growth.

Foreign ownership of Dutch food groups is generally small, although there has been extensive penetration in some areas.

U.S. companies have built up dominating holdings in the old-established Dutch coffee, tea and tobacco concerns. Following a split among members of the founding family of the Douwe Egberts group, Consolidated Foods of Chicago acquired a 65 per cent stake in the company, although its voting share is limited to 26 per cent. The U.S. group Standard Brands became sole owner of the Van Nelle group of Rotterdam last year, while American Brands has had full control of the Niemeyer group since 1973. Differences in national tastes mean these companies retain control of the blending and marketing of the products in Holland.

The number of independent brewers has contracted sharply in recent years. This development allowed the British Allied Breweries to acquire a brewery in Breda which now trades as Skol Breweries.

Despite the home market orientation of many food businesses some have acquired foreign subsidiaries as a natural development of their export activities. Heineken, the largest Dutch brewer, exports to 170 countries and/or markets and has more than 40 per cent of the U.S. market for imported beers. It also has sizeable brewing operations in the rest of Europe, the Caribbean and Africa. The Bols spirits group extended its foreign activities in 1977 with the purchase of a Swiss-Italian company producing the Cynar aperitif.

Drinks

Companies outside the drinks sector have been slower to expand abroad but Wessanen—a diversified company processing cocoa and oils, animal feeds, dairy products, flour and meat—recently announced that the limitations of the home market meant it was looking abroad. Last month it bought Marigold Inc. of Minneapolis for $20m from the U.S. Ward Foods group.

The food industry has a chequered history of attempted mergers within Holland. Suiker-Unie, a co-operatively-owned sugar producer, made a bid for the other major sugar group, Centrale Suikermij (CSM) in 1973. CSM fought the bid, as it did a second bid from Royal Scholten Honig (KSH). Both groups acquired large stakes in CSM's capital but their take-over attempts failed.

CSM then offered to merge with Meneba, the largest Dutch industrial baker, and with the biochemicals and yeast producer, Gist-Brocades, but these talks were broken off. Heineken's bid for Bols in 1976 also met strong opposition and after a bitter battle was called off.

Ironically, in the light of KSH's earlier bid for CSM, the sugar company has now acquired KSH's food activities while other Dutch concerns are also picking KSH's bones. Wessanen is taking over KSH's wheat products division while the potato processing co-operative, AVEBE, is also taking over some of KSH's activities. AVEBE, Wessanen and Suiker-Unie are together taking over the remaining starch-making activities.

A change in EEC sugar regulations, expensive investment in a factory to produce artificial sweeteners in Tilbury near London, and tough new pollution controls in Holland contributed to KSH's downfall. The company has now been wound up and its various activities sold off.

Pollution controls are also causing problems for the Meneba bakery group. Looking around for non-food diversification, Meneba set up a chemical waste disposal division, employing incinerator vessels to burn up waste at sea. Limits on where the vessels are allowed to operate — coupled, paradoxically, with the refusal of governments to force companies to incinerate waste as opposed to dumping it—have meant heavy losses for Meneba from this division.

Holland's traditional food image is of the smiling cheese girl. Closer study reveals a multibillion guilder industry applying high technology processes to the preparation of products for the table. The medium-sized companies are now starting to expand abroad in a process which could possibly produce another Unilever.

C.B.

Agriculture

Producing too much

PROFITABILITY of ... ture in the Netherlands ... bute to the sort of prac... ingenuity that once ... ed land from the sea but ... cems bent on doing away ... the need for land ... ner.

... country already produces ... cent of the EECs total ... tural output on about ... ent of its total farmland, ... rapid advances in Dutch ... farming are increasing ... parity.

... n agriculture is highly ... ive. Crop and milk ... are the highest in the ... nity: productivity in ... of gross value added per ... is higher and growing ... han anywhere else in the ... But it is also expensive. ... re among the highest in ... mmunity.

... green currency system, ... convert common prices ... units of account into ... l currency, boosts Dutch ... ices by more than 3 per ... a level about 33 per ... bove UK prices. But ... the high productivity ... h prices, the return on ... investment is only about —for example the ratio ... investment to gross ... value is roughly one to ... mpared with one to five ... ce, Italy and Belgium, ... three in Germany and ... k.

... is because of the high ... 6 show land prices, at ... rising costs. Figures ... units of account per ... third highest after ... n (6,660), and Germany ... and well above Britain, ... but Dutch prices were ... stage rising by 33 per ... year—at least twice as fast as anywhere else, except Northen Ireland (26.3).

Land rents were already the highest in the Community by that year—up to 98.47 units of account per hectare compared with 88.8 in Germany and 41.93 in the U.K.

Dutch agriculture is the most labour intensive in the Community, using an average 11.9 men per 100 hectares compared with 7.5 in Belgium, 7 in Germany and 3.1 in Britain. But Dutch agricultural wages, at 12,008 units of account per man per year, are the highest in the EEC, comparing with 10,438 in Germany and 5,546 in the U.K.

Social security contributions paid by employers are second only to those in France, and five times those paid in Britain.

Fertiliser and fodder bills are also disproportionately high, partly because of higher prices, partly because the scarcity of land puts a premium on high yields, which means the Dutch simply have to use a lot more of them than anyone else.

The Dutch also use a lot of heavy machinery. Not in relation to livestock numbers— they have about 3.5 milking machines per 100 cows which is the same as in Britain and less than in Germany (9) or Belgium (5), but more in relation to land area —they use 330 tractors per 100 hectares, second only to Germany (386) and far more than Britain (109).

Given the constraints imposed by high costs and limited space, Dutch agriculture has remained viable by concentrating on boosting productivity. Its cereal yields for example are the highest in the community, on average around 4,750 kg/ha compared with the community average of 3,970.

Milk yields are similarly the highest. Although dairy cow numbers fell by 0.9 per cent in 1976, milk production grew by 2.7 per cent. The average growth in yield per hectare for all sectors of agriculture is more than twice as fast as in any other member state.

How do they do it? By devoting themselves to those sectors where massive input of labour, fertilisers or compound feeds have the biggest effect.

Of the total Dutch farm output, dairy production accounts for 26.4 per cent, pig meat for 18.4, beef and veal for 11.8, fruit and vegetables for 10.9 per cent. (These sectors, incidentally, receive almost twice as much price support from the EEC than all other agricultural products put together.)

They do not require much land—increasingly Dutch cows are being kept in cubicles rather than fields—and lend themselves to the techniques of factory mass production introduced by the large-scale business enterprises which control most of Dutch livestock production.

Small family businesses still account for most farming in the other Benelux countries but in the Netherlands, their days are definitely numbered.

Scientific technique, high productivity and massive price support combine to offset the high cost structure to a point where export is highly profitable. The Netherlands is the only net exporter of agricultural and food products in the Community—its trade surplus for 1976 was around 2,275m units of account (4,867m in 1975) compared with a deficit for the Community of 21,517m (13,915m).

Self-sufficiency continues to grow and currently stand around 443 per cent for butter, 273 per cent for whole milk powder, 235 per cent for cheese, 824 per cent for veal, 208 per cent for pigmeat, 190 per cent for all meat, 193 per cent for fresh vegetables, and 128 per cent for sugar.

Whether the Dutch ought to be producing so much, in view of the large subsidies required to keep them in business, is another matter. It is a question bound to be raised with increasing frequency if and when the problem of reforming the Common Agricultural Policy is taken up by EEC Heads of State.

Margaret van Hattem

The welfare state

Spending upsurge

THE ASTONISHING advance of the Dutch welfare state since the 1960s has finally reached the point at which few people believe it can continue without placing intolerable strains on the country's economy. Although it has been argued that the two are not necessarily directly connected, the country's natural gas wealth has certainly facilitated a vast upsurge in welfare spending, which, in nominal terms, has recently been doubling every four years. The Netherlands now probably devotes a higher percentage of gross national product to social benefits than any other country in the world. But the gas will soon start running out, and throughout the political spectrum there is widespread agreement that the burden on the private sector has become unbearable.

Employers, who together with their employees contribute up to 95 per cent of the money, have seen their social security contribution rise from 15 per cent of gross salaries in 1965 to around 25 per cent this year, putting enormous pressure on wage costs. The result is a vicious circle. Higher wage costs mean fewer jobs, which mean higher unemployment payments, which mean new demands on employers, which mean higher wage costs. Higher wage costs also mean higher prices, which in the end also mean higher unemployment payments because social security benefits are index-linked to the minimum wage, which is in turn indexed to prices. At just under £100 a week, the country's gross minimum wage is said to be the world's highest.

The wage link also means that a minimum wage worker who loses his job will find himself little or no less well off. Above the minimum, the rate is 80 per cent of the previous wage for 26 weeks, plus a 7 per cent holiday allowance. There is then the possibility of 75 per cent of earlier earnings for a further two years before a claim may be made under regulations covering "lasting unemployment." Meanwhile, it is readily admitted, many of the unemployed will be supplementing their benefits through undeclared, illegal "black" work, which may take their real earnings to a higher level than when they were fully employed.

Unemployment, at 200,000 and rising, is officially put at around 5 per cent of the work force. But a further massive 500,000 people are covered by disability schemes, which almost certainly include a great number of people who would be at work if they could. Some economists put the underlying unemployment rate three or four times as high as the official statistics, pointing out at the same time that the Netherlands has the highest rate of sick leave in Western Europe. On any one day, an average of 10 per cent of the Dutch labour force is off sick, and the figure is as high as 20 per cent in some industries. It may or may not be coincidence that the rates reach their peak on Mondays and Fridays.

All this, of course, provides easy ammunition for those on the Right who claim that the welfare state has turned the Dutch into a nation of fiddlers and shirkers. The figures, in fact, show that in 1976 a working population of 4.8m was supporting 2m non-workers — a dependency rate of about 40 per cent—but the latter figure included old age pensioners, widows and disabled. It is hard to find real evidence that the majority of the traditionally hard-working Dutch population would prefer to be unemployed than working. Many of the unemployed feel socially uncomfortable, and the unions, at any rate, have decided that job creation will be their number one priority in this year's forthcoming pay negotiations.

The Ministry of Social Affairs in The Hague is adamant that none of these benefits is going to be diminished in the leaner years ahead, even if the past growth of the system can no longer be maintained. Indeed, the Ministry is still making improvements to the system by increasing old age pensions, and, at the beginning of next year, bringing self-employed married women into the scope of the latest disablement legislation. But if the Government is to fulfil its aim of reducing the burden on the private sector, either economies will have to be found somewhere, or the system will have to be made more self-financing—or preferably both. The Government does not agree with the view of Mr. Joop den Uyl, the former Prime Minister, that the general public would be prepared to take a cut in real living standards in order to maintain social security benefits at the same levels.

Adjustment

There is probably also some scope for adjustment in the health services, which are run under a mixture of insurance schemes. There is no National Health Service. Broadly speaking, the system is that all those earning under Fl 36,200 a year (about £9,000) or just over half the population, are covered by a compulsory health insurance scheme through a sickness fund, to which the employer also contributes. The better-off are usually insured privately, often with their employers' help. With about 100 different sickness funds dispersed around the country, there is room for rationalisation.

In a bid to make more efficient use of existing facilities, the government is also restricting the number of beds in general hospitals and curtailing the expansion of more specialised activities.

Proposals to levy small charges on those who could afford it for hospital treatment (perhaps £2.50 a day) and impose an annual sum of £25 per family for doctors' fees were rejected by Parliament in the economic policy debate earlier this month. The debate left it unclear, however, how far sickness and unemployment benefits would suffer from the proposed expenditure cuts.

In other areas the government has announced plans for a new drive against abuse of the system and "black" work. It gives the main reason as its "moral duty" to protect honest citizens from the fiddlers, but there is little doubt that a great deal of useful money could also be saved. Police investigations are to be stepped up and the laws on secrecy to be reviewed to help track down people working under false names or anonymously. Contractors will be made responsible for taxes and premiums payable by subcontractors and directors for those payable by their companies.

But the main hope is that the cost of unemployment benefits will be reduced by the creation of more jobs through new investment. As has been said elsewhere in this survey, the unions do not believe the Government is going about it the right way and have a number of different proposals of their own. The principal thrust is for shorter working hours, whether through a shorter working week, earlier retirement, or both. But the unions disagree, for example, over whether the working week should be shortened by reducing the working day to six hours, or whether the entire nation should have Friday afternoon off. Other suggestions include regular sabbaticals and a proposal that employees should be allowed to choose at their own convenience, and in addition to regular holidays, a certain number of individual days a year (perhaps 10) when they would just not bother to come into work.

In recent years the working population has grown by roughly 10,000 a year. That is about to rise to 26,000 a year in the next two years, to reach a peak of over 50,000 in the mid-1980s before beginning to tail off in the second half of the decade. Somehow, room will have to be found for all these extra thousands if the cost of the social security system is not to resume its relentless upwards climb.

R.D

Labour

Job security fight

THERE HAVE been few upheavals on the labour front this year. As might have been expected, the unions' relations with the new centre-right coalition in The Hague have been rather cool. When the previous left-wing Cabinet led by Mr. Joop Den Uyl collapsed, Holland's dominant trade union federation FNV called it a "black day" for Dutch workers.

The central theme for the 1978 national wage talks was employment. Price compensation, the issue which had led to the Netherlands' most extensive labour conflict since the war, seriously denting its strike-free reputation, had been forgotten. Ironically, the price compensation strikes, though aimed at employers, had occurred when Mr. Den Uyl was still in office.

The talks for the 1978 wage contracts, which took place in the first quarter of this year, were more peaceful. The Government, now led by Christian-democrat Premier Dries Van Agt, had been shunted out of the mainstream of negotiations after the national tripartite talks had broken down in November, 1977. Part of the reason for this was that the Den Uyl-coalition, which had been in office only in a caretaker capacity during the start of the talks, had been incapable constitutionally to take any major measures, for example in the financial sphere, to break the deadlock in the talks. The new Cabinet remained on the sidelines, but the main arguments were between unions and employers, on an industry and company basis.

Signing

The talks on the Collective Labour Agreements (CAO's) for 1978, which took place earlier this year, were concentrated on a new demand from the trade unions: the signing of job security agreements (APO's). Selecting this issue as their main theme, the unions elaborated on their earlier slogan of "more profit — more work." An extension of these agreements will be the major demand of the unions during the 1979 wage talks, which are due to start soon.

The reasoning for the job security demand is that if the workers are prepared to accept wage moderation and the taxpayer is providing money to stimulate industry, then the employers should in turn give guarantees on jobs. Precisely what these guarantees are will again be at the heart of the negotiations. There will also be provisions to prevent too many jobs being lost through natural wastage. The unions insist they do not want to freeze job levels and accept that technological developments may lead to changes. But they do want to avoid being presented with sudden demands for lay-offs or reductions in capacity. A second main demand will be for short-time working, for example, through reduced working weeks, longer holidays, or early retirement as a means of reducing unemployment, or to create more employment. Such schemes could be financed jointly by the Government, employers and the employees, the latter by reducing the amount of price compensation, for example.

The employers' reaction to the job security demands has been varied in the past year. A chairman of a medium-size company in Amsterdam said: "Our main fear is that job guarantees will mean keeping on a larger workforce than needed. Obviously, what we must avoid at all cost is overmanning situations as in Britain." In its annual report, published in September, the FNV union federation stated: "With the demands in the employment sphere, a remarkable shift in emphasis has taken place in the labour pact talks. The employers are not thankful for this. Union influence on the employment situation within a company is seen as a serious threat to entrepreneurial freedom."

In February, Albert Heyn, the country's largest supermarket chain, was one of the first companies to sign the 1978 wage agreement containing an APO. The management agreed to discuss the labour situation twice a year with the unions. Any developments which might lead to a reduction in the 24,000 work force would be notified in advance. The unions said this amounted to the agreement they wanted. The company refused to say so though since it said there is no absolute guarantee there would not be any redundancies.

The unions in turn stated that in practice there could be no enforced lay-offs and that Albert Heyn was only trying to save face. In fact, the chain did not see the need for any redundancies in the current year; its financial position was relatively sound, partly with the aid of the promising income from its very large U.S. retailing investment (it acquired the Bi-Lo group). At companies, or industries where the financial and commercial situation was not so solid, the battle for the APO was much tougher and in many cases such job security agreements were not signed at all.

Next to its demands for APO's and short-time working, the FNV also enters the 1979 labour pact talks with a demand for the maintenance of the purchasing power of all wages up to "at least" Fl 30,000 per annum ($14,800), the earnings of the "modal" Dutch employee, and of all "inactives" in Dutch society (those living off social security). If this claim is not secured, either as a result of the Government's austerity measures or as a result of employers unwillingness, then the FNV federation will lodge compensatory wage claims.

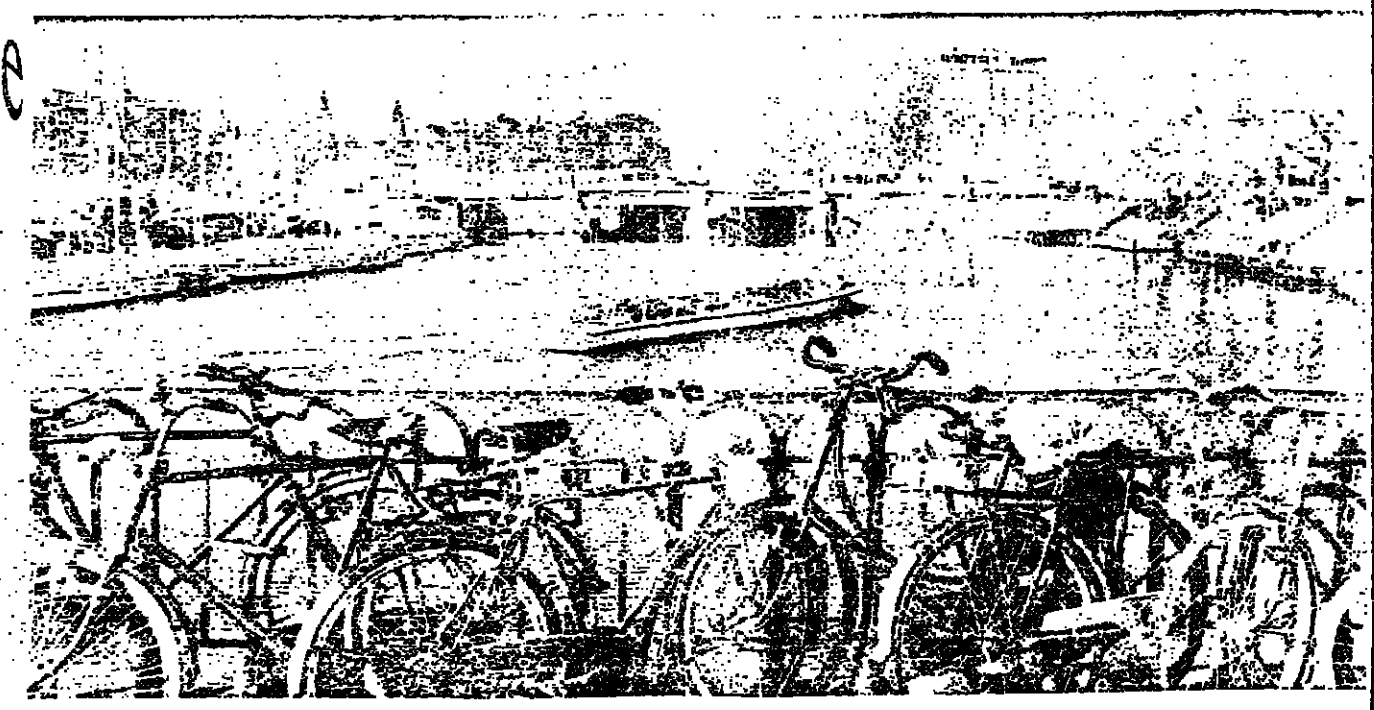
It remains to be seen, however, whether the FNV is prepared ultimately to down tools next year as it did in early 1977, to secure its demands. It is aware of the current plight of much of Dutch business and industry and that a further weakening of these sectors would undoubtedly lead to even more unemployment. At the same time, the union realises that it would probably not be able to whip up enough support for industrial action among its rank and file if the issue was not primarily about incomes.

Dr. Willem Albeda, the Christian Democratic Minister of

CONTINUED ON NEXT PAGE

صورة عن الأصل

Amsterdam



Amsterdam's canals: "the city's charm and its curse"

In search of space

MSTERDAM IS the city ·re people enjoy themselves. · Hague is full of people ıking of ways to stop them. terdam meanwhile just gets vith the work." This popular v of the character of the herlands' three largest cities an over simplification of rse. But it does reveal the rsity of the three cities rated by only a few miles lat polders.

'hile the wealth generated he port has made Rotterdam a modern if slightly nymous, city and the ticians and diplomats give Hague a bland suburban Amsterdam's canals, narrow ets and attractive gables vide a permanently relaxed osphere.

msterdam's new Lord ·or, Mr. Wim Polak, could dly be talking of the same in his inaugural speech 16 nths ago. "The housing rtage remains acute 33 years er the end of the war, 20 cent of Holland's slums are our city. we face a gigantic k of urban renewal, and the me rate is higher here than ewhere in Holland.

ummung up Mr. Polak re· rked, "each of these prob- ıs would be an enormous task the average city . . . it is inter-relation of these tors, their intensity and com- xity which make Amster- n's problems so indescribably ficult."

roded

'oung families have moved of the city in search of ce and its financial base has n eroded. As areas of the decay the process speeds Amsterdam's architecture town plan give it its racter and its charm, but soft subsoil makes buildings ticularly vulnerable to sub- ence and repairs expensive, ile the ring of canals pre- it radical solutions to the ffic problem.

'he city found a solution to chronic budget deficits two rs ago when it reached agree- nt with the Government on subsidy. Thanks to Govern- nt aid the budget balanced 1977 — the first time this l happened in 14 years. This will be maintained at least il 1981. The Government has taken over the accumulated t which began building up the mid-1960s.

'he problems of the ship- lding and heavy engineering ustry have had strong reper- sions in Amsterdam. Plans concentrate shipbuilding ivity around Rotterdam uld have left Amsterdam pyards with only repair pacity. Opposition from the ons and the yard owners, vever, has succeeded in re- ning limited construction facilities for the city. Nevertheless, one third of 3,000 jobs at the two largest shipyards will go. Cut-backs at the VMF-Stork engineering group's factories in Amsterdam mean further jobs will be lost.

These large scale set-backs are only the visible part of the iceberg though. Thousands of jobs have been lost in the city centre over the past few years as firms move to the outskirts, to overspill towns such as Hoorn and Purmerend and to the new Ijsselmeer polder towns of Lelystad and Almere. Many firms, unable to afford the move to new but more expensive permises and unable to expand in the old city, have simply closed. In the ten years up to 1976 the number of jobs available in Amsterdam fell by 64,000 to 345,000.

The decline in the old centre was even faster — from 150,000 to 100,000. The clothing, textile and shoe industries have shed jobs in the past while the recession is now catching up with shipbuilding and engineering. Industries which do offer long-term prospects of expansion, such as the electrical engineering and chemical sectors are under-represented in Amsterdam. Chemical plants have been kept away by the tough pollution controls.

Amsterdam's economy is diversified. but as manufacturing industry declines the already large service industry sector becomes more important. The Amsterdam-Rotterdam Bank claims to be the largest private employer in the City and Amsterdam's position as a financial centre is undisputed. Most of the major Netherland and foreign banks have their headquarters there. The banks complain that profit margins are being eroded but they still form one of the most buoyant sectors of the economy. The unions fear though that automation may erode many of the jobs which have been created in recent years.

Despite the set-backs, there are bright spots. The harbour has its problems (considered elsewhere in this survey) but the growth of air travel and air freight has prompted the rapid expansion of Schiphol Airport. The airport is the sixth largest in Europe in terms of passenger traffic and the fourth largest in terms of freight. More than 8.9m passengers passed through last year, while 274,000 tonnes of freight were handled. The airport expects to about break even this year after several years of losses. Lack of space to develop new runways and opposition from local communities mean plans are already being considered for a second national airport on the as yet undrained Markerwaard polder in the Ijsselmeer.

New initiatives by the business community include the decision to go ahead with a World Trade Centre in the city and the opening of an exchange for traded options. The trade centre will be built at a cost of Fl 190m ($90m) and will provide 50,000 sq m of office space for businesses involved in international trade. The European Options Exchange now trades the options in 24 Netherland, US and British companies. It is by no means certain the Fl 12m venture will be a success but trading volume is gradually increasing.

Chaotic

Amsterdam's canals are the city's charm and its curse. Traffic conditions are chaotic and well-meaning attempts to improve life for the pedestrian and the cyclist have largely ignored the needs of the motorist. Work on a quick route for public transport around the circumference of the inner city is currently disrupting life over a large area. An understandable desire to retain the small scale of the old streets and limit the presence of the motor car has prevented the building of off-street car parks. With only the street kerb left to park on, the car has become more obstrusive. Public transport is good, though, and more tram-only lanes are being built. One underground line linking the south-east suburbs to the centre is almost complete, but the wholesale destruction of houses required to build the line — the soft subsoil means *tunnelling is impossible* — make it unlikely the system will be extended any further. Amsterdam has quick access to the national road network but the motorway ring around the city still has to be completed on the north and east sides and work will continue well into the 1980s.

The clogged city streets dissuade many people from making the journey into town and city centre stores have suffered. Two large retail groups have recently announced plans for expansion though. The Bijenkorf group plans to expand its department store on Dam Square while Vroom and Dreesmann plans the complete rebuilding of its Kalverstraat premises.

The inadequate housing stock faces the city authorities with an enormous problem. Many of the 16th-, 17th- and 18th-century houses within the canal ring are slowly being restored, often by private initiative, but the costs are high. The 19th-century working class areas which grew up rapidly around the old core are an even greater problem. As many as one-third of the families living in these areas may have to be rehoused to bring housing density down to acceptable modern standards. Amsterdam has stringent controls on housing and except for the more expensive "free" sector newcomers to the city must have a job or business there before they can settle.

Rent controls mean many families pay low rents but the quality of accommodation is often poor. The controls achieve a tolerably fair redistribution of the existing housing but vast investment is needed to improve the quality and quantity.

The restraints imposed by the new Government on public spending may reduce the amount of money available to solve Amsterdam's special problems. But the city has a history of overcoming setbacks, from the silting up of its access to the sea, to the loss of the East Indies trade. It has no intention of accepting defeat now.

Charles Batchelor

Job

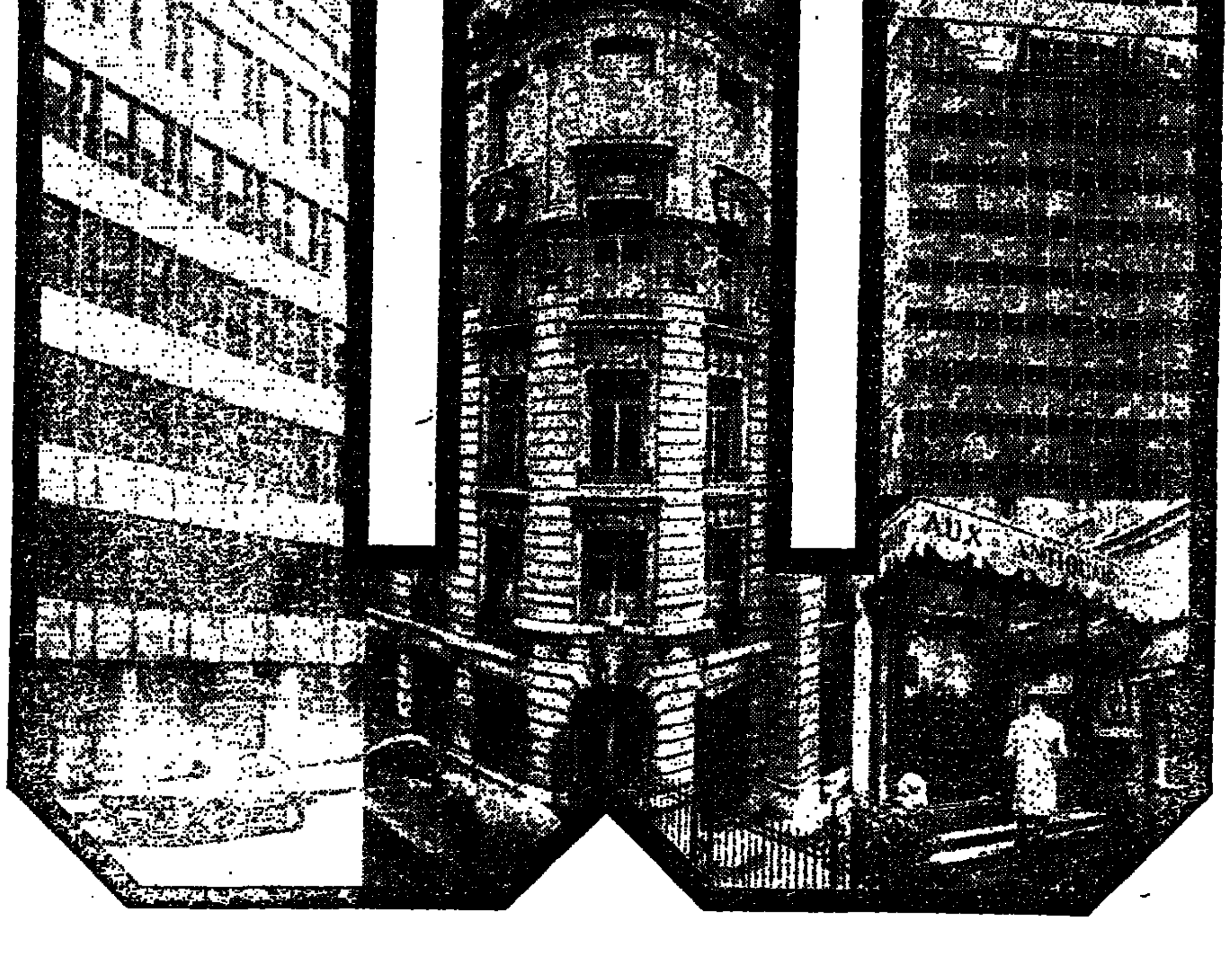
CONTINUED FROM PREVIOUS PAGE

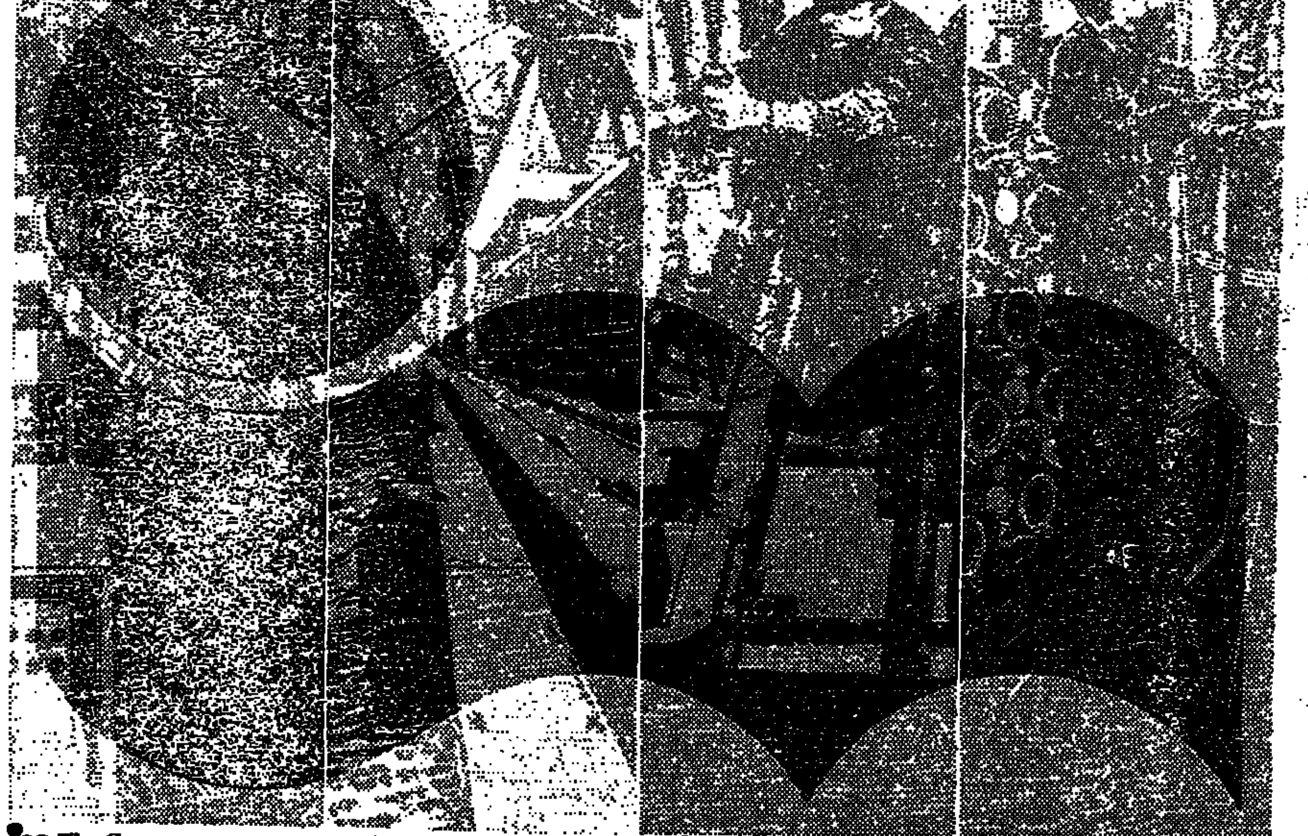
cial Affairs and a one-time ıde union adviser, minces no ırds about it "In view of the d economic situation, the ıde union movement is now ıre interested in employment ın in the size of the pay cket. And the Government ll use this knowledge to its n advantage." The president the FNV, Mr. Wim Kok, im- ediately responded with a ırning that the Government ould not count on trade union xibility during the wage lks; he added that the lower come groups should have been ared more than they are from e Government's austerity asures. "If the Government n't change this, the trade ion movement will have to it itself, via the wage nego- itions."

The much smaller and more derate Christian CNV union s made the same purchasing power demand, but has not threatened with extra wage claims. But the CNV, too, is pressing for job security agreements and shorter working hours in the fight against unemployment. Meanwhile, the 1.1m member FNV, reflecting its very cool attitude to the current Cabinet, whose austerity package it has totally rejected, has refused, however, to join the Christian union in informal talks with the Government prior to the formal start of the 1979 national wage pact negotiations. The FNV is moreover quite unhappy with the "political" compromises reached in The Hague recently over the plans for three important social reforms, involving a capital growth sharing scheme (the VAD), increased industrial democracy via the works council and selective investment policy. The CNV has been much more sympathetic to the new schemes.

These developments cannot conceal the fact, however, that relations between the CNV and the FNV has improved in the last few months. According to trade union circles, there are two main reasons for this. One is the increasingly important common objective, the struggle to at least maintain employment and both unions' open dislike of the centre-Right Government's policies in this field. Only this month, Mr. Ester, the new president of the CNV's largest union, the metalworkers, publicly called for greater co-operation between his union and the FNV's two metalworkers unions. He stressed, however, that the CNV does not intend to give up its independence.

Michael van Os





The arts

Impact in new areas

HOLLAND IS traditionally associated with painting, the works of Rembrandt and Van Gogh representing for many the culture of the country.

Increasingly, however, the Dutch are making an impact in other areas of art. Their musicians and dancers rate among the best in the world and although Holland will probably never have its own Hollywood, there is Sylvia Kristel.

This vivacious star who made a name for herself world-wide in the sex film, *Emmanuelle*, has been trying to shed the image of that role. This year she appeared in her first major serious role in the Dutch film, *Mysteries*; a psychological drama set at the turn of the century, based on Knut Hamsun's novel of the same name.

Two other Dutch women are working on feature film about lesbianism. Nouchka van Brakel is directing *A Woman Like Eva* which stars blonde Monique van de Ven and the French actress of *Last Tango in Paris* fame, Maria Schneider. The film deals with the relationship that develops between the two after they meet at a women's festival.

Scenes were shot this summer at a real Festival of Women in an Amsterdam park. Filming came to an abrupt halt, however, when about 30 members of the Lesbian Front attacked the crew in protest against the film, which they feel does not deal properly with the subject.

Bernard Haitink, principal conductor of the Concertgebouw Orchestra of Amsterdam and the London Philharmonic Orchestra

Scandinavian actress Bibi Anderson and *Psycho* star Anthony Perkins have been in Holland for filming of a Dutch production, *The Second Touch*. Based on the Dutch novel *Twee Vrouwen* (Two Women), it is the first feature film to be made locally in the English language.

The search for something to believe in of a former Roman Catholic priest who has broken with his religion is the subject of the new Rene van Nie film.

Rembrandt and Van Gogh have not been forgotten in current film making. Rob Houwer plans a large-scale, expensive film about the life of Vincent van Gogh and last year Jos Stelling made the first Dutch film about the artist Rembrandt and his work.

Naturally, producing films in a small country whose language is spoken by relatively few people does raise problems. However, subjects chosen by Dutch film makers often have international appeal because they have to keep pace with the general trend in local cinemas.

Since 1956 a special fund to help finance feature and documentary films has existed in Holland. Government controlled, it operates much like a bank except that repayment of loans depends on the amount of money a production makes.

Today all major cultural institutions in Holland are subsidised by the Ministry of Cultural Affairs, Recreation and Social Welfare, set up in 1965 to give culture a central role in modern life.

And artists—the living ones, not the Rembrandts and Van Goghs—have not been forgotten. Several are given stipends to enable them to devote all their time to their work and a scheme to boost sales for living artists gives buyers a rebate of about 25 per cent from the treasury.

In addition, artists who can prove they have lived off their work for at least three years can join a union which gives them a monthly allowance in exchange for an agreed number of their works. Some of these are sold but most are use to decorate municipal buildings.

The Dutch Government is at present trying to curb expenditure and unfortunately this has meant applications for subsidisation from "fringe" groups in art often have to be turned down.

Although Holland has no tradition in theatre the situation has improved since ten years ago when most available money was going to the large established companies to the dissatisfaction of many young actors and directors. Suddenly one night a very theatrical gesture was made—a tomato splashed on to the stage of a municipal theatre. This was the beginning of a six month "war" of disruptive activities by the Tomato Action Group.

Democratic

As a result the system became more democratic but while experimental theatre is popular in the large centres Holland is not yet making a significant impact in this field.

Dutch musicians however have achieved international acclaim, the orchestras of Rotterdam, Amsterdam and The Hague having established remarkable reputations throughout the world.

Music did not play an important role in Holland until the 1880s when a splendid concert building, called simply Het Concertgebouw, was opened in Amsterdam and a resident orchestra moved in. This year the Dutch capital celebrated the 90th birthday of both.

When Willem Kes became the orchestra's first conductor in 1888 he not only taught the musicians the value of rehearsals, he also taught the public to appreciate good music. He had to eliminate the customary habit of eating, drinking and chatting during concerts — the Dutch then thought of music as no more than a pleasant background accompaniment.

Bernard Haitink, now principal conductor, does not have these problems. He is respected as one of the world's most brilliant contemporary conductors and people come from all over to listen—attentively as was Kes's wish—to the orchestra, particularly famed for its Mahler and Bruckner performances.

Haitink has also been principal conductor for 11 years of the London Philharmonic Orchestra and has been made an Honorary Member of the Royal Academy of Music in England.

Queen Juliana attended a special birthday concert given here in April with works by Ravel, Beethoven and Richard Strauss on the programme. An exhibition highlighting the history of the orchestra and concert building was opened.

While on tour in America this year, the orchestra performed a Beethoven cyclus—all nine symphonies.

Hein van Royen, artistic director, says: "It would sooner be an art to give a bad performance with this orchestra than a good one."

He is hoping to introduce more contemporary works in the repertoire: "Unfortunately, the distance between the public and contemporary music is greater than ever. You still meet people for whom music stops at Brahms and in 1978 this is an impossible attitude."

Jaap Bevaart, Concertgebouw director, says artists often stipulate in their contracts that they want to perform in the hall famed for its acoustics. "And that says something," he adds. Many conductors, too, are enthusiastic about guest engagements.

Although it has a far shorter history in Holland, ballet has become another success story for the Dutch.

To see the dancers of the Dutch National Ballet, established in 1961, at rehearsals is to doubt the company's excellent reputation. Baggy sweaters, torn tights and ragged woollen leggings do not fit its image.

But when the dancers get to work at the barre it becomes clear why the company is reputedly one of the hardest working in the world. It puts in about 150 performances a year, with invitations coming from far and wide.

And on stage the reason for their international praise becomes clear.

Rudi van Dantzig, the company's artistic director, has repeatedly made the limelight with his vital works, one of the most significant, *Monument to a Dead Boy*, an experimental electronic ballet in which Rudolf Nureyev asked to dance in 1969. The company made its enthusiastically received London debut at Sadler's Wells with this ballet and a successful partnership between Van Dantzig and Nureyev was established.

Other ballets followed and this year the Russian again danced the lead in a Van Dantzig work *About a Dark House*.

"With Rudolf around, it's sometimes difficult to concentrate on the choreography rather than the dancer, being the star he is," says Van Dantzig. "But he doesn't interfere."

One of the National Ballet's other resident choreographers, Toer van Schayk, also created a ballet this year in which Nureyev starred: *Faun*, written to the music of Claude Debussy. Both were premiered in Holland and the Russian danced them with the company in New York and London.

In the new season, however, Van Dantzig intends to concentrate on older ballets, "so they won't be forgotten and lost," although he believes classical ballet in particular suffers from the lack of space available to the company at home.

The company's repertoire includes *Giselle, Swan Lake, Les Sylphides, Firebird* and *Petrouchka*.

An unusual venture was one of this year's highlights. In the summer a group of dancers created eight ballets themselves, designing costumes and stage sets and directing and producing their own work. Dancer Wade Walthall, an American, says: "It's something that's never happened before. But this is the sort of opportunity we have here."

During curtain calls Van Dantzig offered his company the largest floral tribute, a huge bouquet of red roses. Then he hurried to the wings, it being their night, not his.

Loesje Boyle

Sheffield cutlers under the Korean knife

BY RHYS DAVID, Northern Correspondent

FRONT the average South ...n with traditional western ... implements—knife, fork ...poon—and it is a fair bet ...he or she would find them ...what unfamiliar. That is ... of course they happened ...ork in one of the seven ...n factories which between ... can now produce in excess ...n pieces of cutlery a year, ...t a tiny proportion of them ...ed for export markets.

...Koreans, like most people ... East, use chopsticks, but ...as not stopped them from ...oping a cutlery industry ... has become the scourge ...mestic producers in the ... including Britain. A ...er of reports and delega... to Whitehall over the past ... have stressed that parts of ...n's 600-year old industry ...ed mainly in Sheffield— ... disappear permanently. ...ably, the demand is for ...ctive measures, guarantee... the British industry a share ... home market.

...port penetration of 50 per ... in cars may seem disturb... enough, but the loss of ...et by the admittedly much ...er cutlery industry is sub...ally greater. The vast ... of cutlery sold in the UK ...w stainless steel, with ...o plated nickel silver ...S) and sterling silver ...ying only a small part of ...market at the top end. By ...Far Eastern import pene...n of the stainless steel ... had reached 25 per cent ...lue but in the succeeding ...ars to 1976 it rose to 77.5 ...cent. By last year it had ...ed still further to 87 per ... by value and well over 90 ...ent by volume.

...make matters worse the ...try has itself been at ...ers drawn over much of the ...year, with a new associa... the Federation of British Cutlery Manufacturers, springing up to challenge the older-established Cutlery and Silverware Association's efforts to counter the import threat. The rift appears to have been healed in recent weeks, a response in part to signs of evident Government irritation at the industry's squabbling. A series of meetings have been held at which the two trade associations have managed to agree on their representation on a new working party being set up by the Department of Industry to discuss a detailed report on the sector, commissioned from the Cutlery and Allied Trades Research Association (CATRA).

A joint CSA-FBCM Press conference is due to be held in London on Wednesday when the two bodies will outline other recent agreed moves. These are likely to form part of the industry's case for consideration at meetings of the working party, which will include representatives from trades unions and Government.

Korea is now by far the biggest supplier to the UK market but by no means the only one. Some 70 per cent of total imports come from the Far East, with Taiwan, Hong Kong, Japan and China also important producers. The challenge, too, has broadened over the past two to three years to embrace some of the specialist areas where penetration has hitherto been minimal. In 1977 imports—mainly from the Far East—took nearly 70 per cent of the £1.3m UK market in pen and pocket knives. In scissors, a market worth nearly £5m in 1977, imports—again from the Far East—accounted for two-thirds of sales. In kitchen knives—a £3.9m market in 1977—imports held a share of around 35 per cent employment in the industry in Britain, which stood at 11,700 in 1959, is now down to around 5,000, though technological changes, involving the use of less labour-intensive equipment, have also played a part.

In establishing such a strong position in the UK market, the Far Eastern producers have started with the advantage of both lower raw material and labour costs. The South Korean industry, according to a document drawn up by the CSA, has been able to land spoons in this country at the equivalent of £1,440 per tonne while here the cost of stainless steel sheet used to manufacture spoons was calculated at between £1.156 and £1,620. The average landed price of far eastern imports in 1977 was £1 per dozen compared with an average UK manufacturers' price of £4.80 per dozen.

Open market

The Sheffield producers also blame their inability to hold the home market in the stainless steel sector on the ease with which successive low-cost suppliers have been able to gain access to the open British market. Commonwealth links meant that duty free access was granted to Hong Kong and India in the 1950s and 1960s, and with Britain's entry into the EEC other countries within the generalised system of preferences—among them South Korea—gained similar rights. The German market is likewise open and is also deeply penetrated by imports, again mainly from the Far East, but France and Italy as a result of residual regulations which pre-date the EEC offer their industries a substantial degree of protection.

But there are other factors, too, behind the weak position in which the UK industry finds itself. The British Importers' Confederation, for example, in refuting some of the charges levelled against low cost suppliers has accused the UK industry of being inefficient compared with its overseas competitors, and in particular has criticised its delivery performance. The BIC, which represents a number of companies importing from the Far East, asserted that there were plainly too many producers in the UK industry, and little evidence of where the investment needed to modernise the sector would come from.

The constant pressure of imports has produced some changes in the British industry's structure but it still remains fragmented. Though total sales of the industry amount to only around £30m there are still some 140 companies ranging in size from two-three man operations, performing small specialist tasks, to major groups such as Viners, employing 650-700 people and operating on an international basis. Some companies are completely or partially integrated, carrying out a number of processes, but others specialise in making the cutlery blanks, in filing, polishing or plating cutlery. The knife side itself is highly specialised with a number of companies concentrating on particular processes such as handle or blade making.

The industry is also aware that in the past it has perhaps not paid enough attention to marketing, relying instead on the public's instinctive identification of cutlery with Sheffield. There are exceptions, including Viners, which claims to spend three times as much on advertising and sales support as the published amount for the rest of the industry put together.

The wide variations in company size and structure provide a clue to the dispute that has until recently divided the industry. The CSA includes within its ranks a number of bigger groups, such as Viners, which decided long ago that the cutlery business was now international in nature and adapted their manufacturing and marketing structure accordingly.

Viners itself makes no secret of or excuses for its own substantial importing activities, pointing out that its strategy of developing as a worldwide group has helped to strengthen its Sheffield base. Viners manufactures not only in Sheffield but in Ireland, France and Australia, each of which contribute different activities to the group as a whole. Thus the Irish plant specialises at the medium-cheap end of the market while the French plant produces high quality cutlery. The UK plants produce a range of cutlery, including stainless steel and EPNS together with other giftware products and canteens, and is also responsible for the forging, grinding and polishing of knives for the whole group.

Viners also has a trading company in Hong Kong which supplies stainless steel cutlery to the UK and elsewhere, but although this has helped to give the company a 20 per cent share of UK imports this is offset, Viners say, by exports from its Sheffield factories—estimated this year to exceed £1.5m or roughly 10 per cent of total exports by the industry including EPNS and other quality products.

Most other large companies also import, and indeed argue that this is now the only way in which domestic manufacturers can continue to offer a full range of cutlery including the cheapest stainless steel.

The FBCM, though it also contains big as well as smaller members (including some which also belong to the CSA), has wanted no truck with international operations of the Viners kind. It has been moved instead by a desire to recreate a strong UK cutlery industry supplying a much more protected domestic market. The FBCM's outspoken president, Mr John Price—chairman of Arthur Price of England, a Birmingham-based cutlery group with factories in Sheffield—earlier this year accused the CSA of an 18-year catalogue of paperwork and ineffective committees.

KNIVES, FORKS AND SPOONS FROM MAIN FAR EAST COUNTRIES

Year	Quantity '000 dozens	Value '000 £	Average value per doz. £	Hong Kong quantity '000 doz.	Hong Kong value '000 £	Korea quantity '000 £	Korea value '000 £
1974	1.467	1.537	1.05	285	331	655	605
1975	1,791	1,771	0.99	326	373	815	743
1976	1,168	1,453	1.24	319	417	664	721
1977	1.037	1,579	1.52	235	325	628	865

Source: CSA

The CSA called for a global quota on stainless steel cutlery which would have the effect of limiting imports to 50 per cent of the UK market—a figure which would still allow substantial importing by its members. Quotas were also requested for scissors and pen-knives, together with stricter surveillance in other areas such as kitchen knives. The CSA claimed that these restrictions over a period of five years would enable the industry to re-equip, retrain, and re-build its position in the UK. The FBCM dismissed the proposals as inadequate and came out instead for a phased introduction of controls which would eventually reduce imports to only 25 per cent of the market.

There has recently been a narrowing of the differences between the sides on a number of points, including the question of import quotas, and after a meeting the leaders of the associations—Mr. Price and his CSA counterpart, Mr. Brian Viner, deputy chairman of Viners—claimed they were now able to speak jointly for some 95 per cent of the industry giving it a common voice for the first time for some time.

Formal import restrictions would have to be sanctioned through the EEC which is trying to prevent the spread of individual protectionist measures by member states. The Italians and French who are potential allies for Sheffield, are most unlikely to be willing to give up their long-standing and highly effective restrictions to enable measures covering the EEC as a whole to be introduced. The British Government has also been warned that consumer interests are at stake. The British Importers Confederation has claimed that the effect of import restrictions could be to increase prices threefold.

Faced with so many conflicting pressures, the Government has so far encouraged the industry to seek voluntary agreements with major suppliers, and the CSA is currently claiming some success for this approach. The South Koreans, in talks with the CSA, agreed to limit exports of stainless steel cutlery this year to 80 per cent of 5.5m dozen pieces — the average for 1975-76 — and the CSA hopes that a similar arrangement can be made for next year.

Whether the approach will be supplemented by attempts to bring in more direct controls will only become clear once the working party gets under way. According to some reports, the as yet unpublished CATRA study also looks at other possible ways in which the industry could hope to increase its competitiveness. These include a move to smaller sizes of cutlery and reductions in quality, or increased shift working as a way of improving on the utilisation of assets. At the same time the report is believed to make the point that the very low prices at which steel can be obtained from low-cost Japanese and other mills in the East gives the industry's competitors a head start.

Letters to the Editor

...he future of ...eyland Cars

...the General Secretary, ...lgamated Union of ...neering Workers ...nical Administrative and ...rvisory Section)

...—Your first leader of ...ber 24 totally ignores the ... problems of Leyland Cars ... the British motor industry. ... assumptions you make are ...listic and naive. In summary ... leader argues that all the ...lems can be laid at the door ...eyland workforce and the ... unions.

... the real world, life is more ...lex. Leyland faces two ...r problems. It inherited, ... the private sector, a ram...tle, rundown and unprofit... group of companies, which ...sented a total manufactur...apacity too small to compete ...qual terms with its giant ...rican, Japanese and Euro... multinational competitors. ...urrent model range is old ... incompetitive. Exhorting the ...nd workforce to work ...r, to be realistic (that is ...t everything that Michael ...rdes says and does as tablets ...ed down from the Mount) is ...vant to the solution of these ...ems. Products have to be ... as well as made.

...m confident that the work... will respond positively to a ...gement strategy which ... realistic prospects of job ...ity, adequate rewards for ... skill and responsibility, ... a genuine development of ...trial democracy. The closure ...eke 2, a modern plant, cut... in production targets at a ... when the market is expand... and rigid application of ... restraint policies is not a ...ula for winning the hearts ... minds of the workforce.

... have issued a Press state... which deals with the attack ... editorial makes on our ... The facts are irrefutable: ...ould expect a responsible ...paper to check facts before ...ng irresponsible allegations. ...y this is not too much to ...

... a union we have been ...d to none in supporting ...es which will ensure the ...val and expansion of Ley... Cars. In the last three years ...ave issued three substantial ...hlets, met numerous Govern... Ministers, published article ...article in our own journal. ...do not always agree with ...el Edwardes or the editor ... Financial Times. But in ...interests of our 200,000 ...bers, and in the national ...st, we are determined to ...aign for the policies we ...ve to be right for Leyland ... and the British economy. ...eed no lectures about being ...nsible and realistic.

...ll.
...w Hall, Little Green, ...mond, Surrey.

...n interesting ...gure

...Mr. K. Manley

...—I refer to the report ...ber 25) of the Government's ...ement that the earnings ...for pensioners is to remain. ... interested in the Govern...'s calculation that to abolish ...rule might cost as much as ... in the next year.

...one assumes that all pen...rs' additional income would ...xed at standard rate this ...ies that gross earnings of ...£185m are involved. In the ...report it is said that "the ...rtment's records show that ...uly, 1977, only 5,000 retirement pensioners were having their pensions reduced because of earnings." No doubt many of those pensioners are superannuated politicians, or trade union officials who are now enjoying the fruits of Quango appointments but can these really work out at an average of £37,000 per annum. I am sure there must be many pensioners who would welcome information as to how they can join this happy band.

Keith Manley.
10, Dencent Gardens, Redbridge, Ilford, Essex

Prices for steel

From the President, National Association of Steel Stockholders.

Sir,—I wish to correct any possible misinterpretation of the recent decision (October 23) by the National Association of Steel Stockholders to adopt a policy of recommended prices for various types of steel. The new policy continues to be consonant with the association's full support for the spirit of the Davignon plan in the continuing steel crisis, as we believe that the establishment of an economically viable steel industry in the EEC and the UK is of paramount importance in the long term interest of steel consumers. UK steel producers know that this is our view, and concur with our policy.

If, as has been speculated, there is any future increase of imports into the UK of lower priced steel, it will primarily be the consequence of EEC producers failing to observe the production and pricing requirements of the Davignon Plan and subsequently undercutting prices of British producers. It is therefore difficult to see how the NASS policy of recommended prices can possibly cause higher imports. In any case, the policy is, of course, in accord with the Davignon requirements.

Ernest Bartlett.
Lennig House, Masons Avenue, Croydon.

Transferring pensions

From Mr. C. Berman

Sir,—Mr. D. I. Shaw discusses (October 26) the problem of Smith who leaves Company A after eight years' pensionable service and joins Company B. Company B's actuary decides that the £5,000 transfer value which Company A's actuary is prepared to allow is worth only five years of service under Company B's pension scheme.

In this way, Mr. Shaw concludes, Smith is being unfairly treated (the apparent loss of three years' pensionable service), and Mr. Shaw's "solution" to this problem is for the Government to decree that Smith shall be credited by Company B with eight years' pensionable service, and not five, and that "a fair transfer value" should thereupon be agreed between the actuaries to the two funds, with any dispute being settled by the Government Actuary.

This solution is inequitable. There is no doubt at all that if Smith, by Government decree, has to be credited with eight years of pensionable service in the fund of Company B, the "fair transfer value" on which the actuaries will agree will be considerably in excess of the amount which Company A will be willing, or able, to pay. One reason for this will be that the "fair transfer value" must allow for Smith's future increases in earnings with Company B; why should Company A pay for these? A second reason might be that Company B's pension formula is more generous, perhaps very much more generous, than Company A's. Again, why should Company A pay for this?

No, Sir, Mr. Shaw's solution would create more absurdities than it would solve. The only answer to the problem of Smith's transfer is that Smith himself, in negotiating for his new job with Company B, should consider the effect on his pension entitlement in the same way as he considers all other conditions of employment, and make his decision accordingly.

Mr. Shaw maintains that people who change jobs are badly treated. It is more accurate to maintain that people who change jobs are treating themselves badly since all too frequently they do so without giving the same amount of thought to the effect on their pension benefits as they do to other, more immediate conditions of employment.

Colin Berman.
44, Ossulton Way, N2.

Free collective bargaining

From Professor D. Johnson

Sir,—I would like to elaborate on a very important observation Mr. Samuel Brittan made in his column of October 12. He stated that it is not quite clear whether those who are questioning the legal basis of union market power are merely attacking "... abuses such as the closed shop; or whether the whole system of collective bargaining is a monopolistic practice to be treated like cartels and price rings on the employer's side."

Anyone who believes in the ideal of personal freedom, part of which is the freedom to join or not to join a union, should oppose the legally sanctioned coercive powers granted trade unions in Britain (and in the U.S. too). The closed shop (union shop in the U.S.) should be outlawed as it denies workers the right of freedom of association. Also, given that the legal privileges of the trade unions virtually exempt them from any kind of action for damages, including libel, these privileges should also be abolished as they constitute rank class legislation.

By definition, unions are monopolies which offer a common wage package to employers for all their members (obviously an asymmetry exists between the way society treats union price (wage) fixing and business price fixing). What can be said about the monopoly distortion effects of unions?

Unions do not cause inflation. Only governments do. The question then becomes, what is the independent impact of unions per se on relative wages and prices—can union raise relative wages and prices above what they would be in the absense of unions (i.e. in free markets)? Are unions only thermometers registering the heat, not independently producing it—i.e., institutions through which the market forces of demand and supply work themselves through, or do they alter relative wages and prices?

There are two hypothese pertaining to the above. The "Robin-Hood" effect and the "Jesse-James" one. The former is that unions redistribute income from profits to wages. The latter one is that they "steal" from their own—i.e., non-union labour. The wages of union workers increase, but unemployment results; the unemployed flow into the non-union sector, thereby reducing non-union wages. The net result is a dual-labour sector economy.

I have no knowledge of the empirical order of magnitude of these effects in Britain. In the U.S., the long-run Robin-Hood effect has not occurred, and the Jesse-James effect is negligible, being concentrated mostly in craft unions which face relatively inelastic demands for their services. Government-forced maximum-wage requirements produce far more Jesse-James effects, especially on black teenagers. But theory would indicate that such distortions are small, especially if the Government adopts stringent anti-inflationary monetary-fiscal policies.

Thus, for the above and also on my normative view, the institution of free collective bargaining, with no Government intervention, should be fostered. (I also believe in employers having the right to institute lock-outs if required.) To be sure, strikes produce costs on third parties, but if unions know in advance that the Government will not let wage policy dictate supportive monetary-fiscal policy, the market discipline, especially in an open economy, will reduce the number of strikes and hence third party costs. It should never be forgotten that the right of unions to withhold their supply of labour (strike) is the price one pays for free collective bargaining in a free society—there are no strikes in Russia.

Dudley W. Johnson.
Professor of Business Economics, University of Washington, and Sir John Cass Senior Research Fellow, City of London Polytechnic,
84, Moorgate, EC2.

English wine marketing

From the Managing Director, Charles Crispin and Co.

Sir,—Lynton McLain (October 27) presents a very fair picture of the English wine grower's fight against high odds, from the weather to a grasping Customs and Excise which levies a wine duty on the grower 100 times greater than that levied on his French counterpart.

I am surprised Mr. McLain did not mention, however, that the UK Government is to be called before the European Court of Justice for its persistent infringement of EEC free competition rules.

Mr. McLain when writing of English wine prices may have given the impression quite unwittingly that the average cost is about £3 a bottle. In fact, there are many excellent English wines available at prices well under £2.50 a bottle.

An important aspect Mr. McLain did not touch upon is the marketing of English wine. A few stores here and there, a mere handful of wine merchants and "farm gate" sales make up the main marketing drive for a renascent industry which has roots in the Roman Occupation and more acreage under vine in 1978 than in the Middle Ages.

With the steady expansion of England's vineyards it will not be long before we find ourselves with a 1,000 acres-1m bottles industry but with totally inadequate marketing.

Maurice D. Cocking.
Romford House, Kings Toll Road, Pembury, Tunbridge Wells, Kent.

To-day's events

GENERAL

Trades Union Congress—Labour Party Liaison committee meeting, Congress House, London.

Prime Minister presents Engineering Industry Training Board awards, Royal Lancaster House, London.

Delegation from Royal College of Nursing, led by Miss Sheila Quinn, its council chairman meets Mr. David Ennals, Social Services Secretary, to discuss fears of professional nurses about the health service.

Two-day meeting of EEC Agriculture Ministers opens, Luxembourg.

EEC Energy Council meets, Luxembourg.

Sir Mark Turner, chairman of Rio Tinto Zinc, is main speaker at annual forum of American Metal Market—Mr. Julius Katz, U.S. Assistant Secretary of State, will also address the forum, which will include discussion of the new London Metal Market—aluminium contract.

Mr. Nobuhiko Ushiba, Japan's External Economic Affairs Minister, meets Mr Robert Strauss, U.S. Special Trade Representative, in Washington for two days of talks—review of implementation of measures agreed at earlier discussions.

Association of Metropolitan Authorities' statement on Local Government and Economic Recovery report.

British Rail cuts buffet car food and drink prices—some items to be reduced by 10 per cent.

Birmingham Chamber of Industry and Commerce trade mission in Czechoslovakia (until November 3).

Archbishop of Canterbury and Mr. Len Murray, TUC general secretary, speak on "Towards an Unselfish Society," Greenhill Parish Church, Harrow.

Announcement from St. Paul's Cathedral Chapter House on ordination of women.

Press screening of Family Planning Association and Health Education Council teenage sexuality film "Loving and Caring," Scala Cinema, Tottenham Court Road, London.

COMPANY RESULTS

Final dividend: MY Dart. Interim dividends: Melville Dundas and Whitson Scottish Heritable Trust. Interim figures: J. Haggas.

COMPANY MEETINGS

See Week's Financial Diary, Page 32.

CITY OF LONDON—lunchtime music.

St. Lawrence Jewry next Guildhall. Piano recital by Gilbert Schuster, 1 pm.

All Hallows-by-the-Tower. Recorded music, 1 pm.

St. Michaels, Cornhill Organ recital by Morley Whitehead

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last years timetable.

TODAY

COMPANY MEETINGS—
Decca, 100, Old Broad St., E.C., 12
Grindlays, Flatchford Rd., Horsham, Sussex, 11
Jes Holdings, 23 Fenchurch St., E.C., 12
Land Invs., Churchill Hotel, Portman Sq., W., 12
Stewart Plastics, Purley Way, Croydon, 11
Yorkgreen Inv., 9 Bishopsgate, E.C., 11

BOARD MEETINGS—
Finals:
Blackwood Morton
Haggas (John)
M.Y. Dart
Interims:
Melville Dundas and W.
Scottish Heritable Trust

DIVIDEND & INTEREST PAYMENTS—
Riddle 2.2705p (includes supplementary distribution of 0.0708p a yr. 1977)
Crouch (Derek) 1.2872p
General and Commercial Inv. Tst. 2.8p
Guinness Peat 6p
Home Charm 1.55p
Home Counties Newspapers 1.5p
Hyman (I. and J.) Ord 0.75p
Johnson Matthey Deb 2½pc
Lilley (F.J.C.) Compulsory conversion of the 9pc Conv.Uns.Ln. 1990-95 or repayment at par plus accrued interest. Elections for cash repayment to be received by October 3
Moran (Christopher) 2.6p
Stewart Plastics 1.97435p
Sunlight Service 0.4013p
Third Mile Inv 0.5025p
Wilkinson Warburton 1.76p

TOMORROW

Public Works Loan Board rates

Effective from October 28

Years	Quota loans repaid by EIP†	At‡	at maturity§	Non-quota loans A* repaid by EIP†	At‡	at maturity§
Up to 5	12½	12½	12½	12¾	12¾	13¼
Over 5, up to 10	12¾	12¾	12¾	13¼	13¼	13¼
Over 10, up to 15	12¾	12¾	13	13¼	13¼	13½
Over 15, up to 25	13	13¼	13¼	13¼	13¼	13¼
Over 25	13¼	13¼	13¼	13¼	13¼	13¼

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

COMPANY NEWS

Capseals on target so far and sees better year

...NST A background of ...sed prices for paper from ...n, inflation continuing its ... everywhere and other ...ses, **Capseals** is within its ...t so far in the current year, ... shows an improvement in ... on the previous year.

...Andrew Chapman, the chair... says he expects that provided ...resent level of consumer ...ng is at least maintained ...e position of sterling rela... ... other currencies remains ... results for the 1978/79 year ...low further improvement.

...nown pre-tax profits for the ... July 1, 1978, finished ahead ... 1.46m to £1.50m on sales of ...m against £18.04m. The ...itable amount came out at £0.90m (£1.04m) after tax (£0.41m). The dividend is ...imum 1.9276p (1.7262p) per ...

...Chapman says the group's ...nent programme, ...ed ...at improvements in pro... ...ty and quality, has con... and a further £774,000 was ... on new plant and equip...

...statement of source and ...tion of funds a further ...ement in the group's ...ty is shown bank advances ...reduced during the year by ... (£210,00 increase), and ...ents of hire purchase and ... loans totalled £113,000 ...

...spite of the 9 per cent ...se in sales, working capital ...ding tax and dividends) was ...ned to within 4 per cent of ...ning level. Capital expendi... during the year amounted to ... (£522,000).

... group's total interest-bear... ...bt at July 1, 1978, amounted ...0,000 against share capital ...serves of £4.8m.

...is the opinion of your ...ors that the group has fully adequate resources available to finance the planned level of trade in the foreseeable future," he states.

While investment in new plant for existing businesses will continue, group plans show that the capacity to generate cash exceeds its likely demands for that cash.

In order to obtain an adequate return on the finance available to the group, the directors are continuing the search for acquisitions and new product opportunities, Mr. Chapman adds.

On the search for acquisitions he says they are important to the group both to provide an adequate return on the cash available for investment, and to supplement future earnings growth.

He feels that further expansion is still possible by gaining entry into a geographically wider area, but the directors look increasingly to free trade and stable currency exchange rates in order to make this progress.

The chairman does not expect present stock levels to be reduced and the group plans to continue to invest in new plant, "at a faster rate than that at which our present plant depreciates."

Meeting 27, Hill Street, W, November 28 at noon.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Melville Dundas and Whitson, Scottish Heritable Trust.

Finals: Blackwood Morton, John Haggas, W. Dart.

FUTURE DATES

Interims—	
Airfix Industries	Nov 28
French Kier	Nov. 23
Great Portland Estates	Nov. 7
Rush and Tompkins	Nov 7
Vaux	Nov 16
New Forth Investment Trust	Nov 3
Whittington (R. S. and W.)	Nov 3
Finals—	
Bridport Gundry	Nov. 7
Hardys Brewers	Nov 9
Pharaoh Lane	Nov 2
Sumatra Pertamina	Nov 2
Trans City Merchants	Nov. 2
Wood Hall Trust	Nov 9

Ayrshire Metal climbs

TAXABLE PROFIT of **Ayrshire Metal Products** climbed £119,000 to £525,000 for the 24 weeks to June 16, 1978, and the directors forecast an even better second half. Last year the surplus was down from a peak £0.7m to £0.67m.

External turnover for the first half reached £6.67m (£5.89m) and trading profit was up from £511,000 to £638,000.

The net interim dividend is raised to 1.7115p (1.3347p) per 25p share and an additional 0.033p is to be paid for 1977 following the tax cut. The directors comment that dividend restriction means that the final payment will not exceed 2.2106p (2.1776p).

Half-time profit was struck after depreciation, net of transfer from investment grant account, amounting to £88,000 (£73,000) and interest of £25,000 (£30,000). Last time there was redundancy costs of £2,000.

Hill Samuel Life growth

A substantial growth in new life and pensions business over the first half of the current financial year is reported by **Hill Samuel Life**. New annual premiums in the six months to end-September 1978 amounted to £1.48m—63 per cent above the level for the corresponding period in the previous year. New single premiums and annuity considerations were 45 per cent higher on the period at £11.79m.

The company reports that the main impetus has come from the new range of investment linked contracts introduced during 1977. In particular, the Higher Investment Plan, which enables investors to link their contract to nine Hill Samuel unit trusts and the Hill Samuel Life internal funds has been highly successful.

These results bear out the forecast of increasing new business made by Mr John Marshall, chairman of Hill Samuel Life in his statement accompanying the report and accounts for the year ending March 31, 1978. He then stated that the company intended to expand its overall new business both by increased representation to the public through its own sales associates and its established marketing activities through insurance brokers.

Construction Holdings

For 1978 turnover of **Construction Holdings** fell from £448,763 to £188,233. Including surplus on realisation of investments of £157,348, against £42,692, pre-tax profits for the period rose from £231,000 to £282,208. Tax took £72,107 compared with £104,410.

The net dividend is increased from 6.35p to 7.035p on stated earnings of 22.1p (13.3p) per 20p share.

Mr. Alex Jarratt, chairman of Reed International, whose interim results are due to be announced tomorrow.

OIL AND GAS NEWS

Mobil in Saudi oil refinery deal

SAUDI ARABIA'S State-run petroleum and mineral organisation Petromin and Mobil Corporation have sigend an agreement under which Mobil will undertake a 21-month technical study for the construction of an oil refinery on the Red Sea port of Yanbu, according to the official Saudi press agency. The planned output would be 250,000 barrels a day.

The studies will provide specific information on the cost of the refinery's construction and the timetable to carry out the project. The refinery would be jointly owned on a fifty-fifty basis by Petromin and Mobil.

Crude oil would be carried from Saudi Arabia's eastern region to the refinery through an 800-mile pipeline, for sale to American and European markets. The pipeline would also be owned by the two partners on an equal basis.

* * *

Burma plans to resume offshore oil operations in the next six months, according to Colonel Maung Cho, Burmese Industry Minister. The new exploration programme would be Burma's third attempt to find oil off its coastline.

American and Japanese oil experts sank 12 test wells off the southern coast between 1972 and 1974, but operations were halted after four wells yielded traces of natural gas but no oil.

Another effort was made in 1975 with contracts awarded to foreign companies, including Exxon Corporation's subsidiary Esso and Compagnie Francaise des Petroles. But drilling was *suspended two years later after* negative results from 17 wells.

* * *

Esso SAF, a unit of Exxon Corporation, says that its exploration arm Esso REP will drill four exploratory wells over the next year in the Brie region, east of Paris.

Each drilling will take about one or two months. Signs of oil have already been found near one of the drilling sights and other drillings are under study. The whole of the permit is owned by Esso REP.

* * *

Imperial Oil, Canada's largest integrated oil company, has completed its farm-in agreement with **Canadian Hunter Exploration**. The latter is controlled by Noranda Mines.

Imperial can earn a 12.5 per cent interest in Hunter's Elmworth-Wapiti oil and gas acreage in Alberta, and a 17.5 per cent interest in Hunter's other acreage in Saskatchewan and British Columbia, by spending up to $179m over 30 months for development. Imperial can also participate in other Hunter ventures over three years.

* * *

Conoco Suez, a wholly-owned subsidiary of Continental Oil (Conoco), has entered into a production-sharing contract with the Egyptian General Petroleum Corporation (EGPC) for oil and gas exploration rights in an area of about 214,000 acres in Western Sinai.

The contract, which is subject to final approval by the Egyptian Government, calls for a bonus of $5m and a work programme of $17m over a four-year period. It provides for renewals for an additional six years.

The contract area lies in El Qaa plain, a largely-unexplored onshore area adjoining the eastern coast of the Gulf of Suez where several commercial offshore oilfields are now producing. The area is within the Israeli-occupied zone. Exploration will begin when Egypt regains jurisdiction over the area.

Terms of the bonus require a $1m payment to EGPC on signature, $1m a year later, and the remainder six months following access to the area for exploration.

Conoco and partners already hold interests in more than 40m acres elsewhere in Egypt, including blocks in the Western Desert, Nile Delta and North Sinai.

SHARE STAKES

Crouch Group: Temple Bar Investment Trust is interested in 200,000 shares (5 per cent).

Crosby Spring Interiors: Following disposals of preference shares at par are notified. Mr. E. A. Crosby 15,000. Mr. M. J. Crosby 35,891. Mr. I. H. Campbell and Mr. M. J. Crosby jointly as trustees for a Crosby family trust 24,800, J. Crosby 35,891.

Jas Scott back in profit at halftime

FOR THE first half of 1978 **James Scott Engineering Group** reports a pre-tax profit of £554,000 on turnover of £26.9m. This compares with a loss of £157,000 on sales of £17.2m in the five months to June 30, 1977.

The loss for the five months last year includes £331,000 on an overseas contract. The operations of this contract have had no effect on the first half of the current year.

Tax of £405,000 (nil) includes a provision of £105,000 for overseas tax in respect of which no relief against UK tax is anticipated.

In view of the continuing deficiency in the company's revenue reserves the dividend on the 4.55 per cent (first) cumulative preference shares for the first half has been passed and no payments have been made in relation to the arrears of dividends on the 4.55 per cent (second) cumulative preference shares.

Clayton Son warns of fall at full time

Though the group order book is satisfactory at **Clayton Son and Co. (Holdings)**, engineering concern, a shortage of skilled workers still persists and it is unlikely that profit will reach last year's record £0.9m the directors warn.

For the first half of 1978 taxable profit climbed from £99,700 to £199,006 on sales nearly doubled at £4.65m (£2.33m), but the board points out that these results are no indication of the full-year rate of completed turnover and profit.

The net interim dividend is raised to 1.3376p (1.979p) and an additional payment of 0.0484p following the tax cut is to be made. Last year's final was 3.1944p.

Half-time profit was struck after an associates' loss of £8,772 (£18,093 profit).

FT Share Service

The following securities have been added to the Share Information Service appearing in the Financial Times:

Minefields Exploration N.L. (Section: Mines—Australia)
Numac Oil and Gas Ltd. (Section: Overseas—Canada).

Eleco tops £1m on second half upturn

SECOND HALF profits of **Eleco** moved ahead from £507,590 to £617,326 taking the total for the year ended June 30, 1978 up to £1.1m compared with £935,590 in 1976-77.

Turnover of this engineering and construction group rose from £10.3m to £12.44m. After tax earnings per 10p share are shown to be up from 7.64p to 8.9p. The dividend is raised from 1.714p to 1.944p with a net final of 1.194p.

Extraordinary credits this time comprise a profit on sale of property after tax of £1,632,564. There is a transfer from deferred tax at June 30, 1977 in line with SSAP 15 of £1,283,776. Last year there was an adjustment on revaluation of stock and works in progress at June 30, 1977 of £45,047. Comparisons have been adjusted for re-classification of deferred tax.

Credit Data tops £0.2m

For the year to June 30, 1978, **Credit Data** reports higher turnover of £3.16m compared with £2.65m, and pre-tax profits ahead from £122,249 to £205,934.

Comparative profits have been adjusted since the company has for the first time put a value on its national credit reference service. This has been written into the accounts at £492,555 which represents the cost of establishing and maintaining the index on an historical cost basis.

As the information is maintained for only five years the directors have decided the cost should be spread over the same period depreciating it at 20 per cent per year.

SE looks at DCM dealings

The Stock Exchange is making routine preliminary investigations into dealings in shares of **Dunbee-Combex-Marx**, the toy group. The shares fell in advance of an unexpected announcement of losses nearly two weeks ago.

Dunbee stated last Friday that none of the directors had dealt in shares of the company this year. It also maintained that no information about the losses was given to institutional shareholders who visited the company just before the announcement.

The Stock Exchange monitors about 2,000 price movements every year. Only a tiny fraction of these are turned into full Stock Exchange Council Committee investigations.

Costs hit Silkolene Lubricants

INTENSE COMPETITION, allied with higher wages, salaries and other costs, depressed pre-tax profit at **Silkolene Lubricants** from £492,000 to £301,000 for the half-year to July 1, 1978. Sales were maintained at £4.49m, compared with £4.35m.

The results from the joint venture with Croda Synthetic Chemicals still gives cause for concern, and both parties are jointly reviewing future operations, the directors say.

In view of the difficult market conditions, the board does not expect results for the second half to be much better than those declared for the first six months. It has, however, embarked on a substantial capital expenditure scheme to expand the capacity of the special products plant.

Tax took £144,000 (£236,000) leaving the group's half-time earnings down from 5.7p to 3.5p per 10p share and the net interim dividend is raised to 0.84p (0.75p). There is also an additional dividend of 0.021873p following the tax cut. Last year's second interim of 1.4436p was paid from profit of £777,000.

Surmah Valley

An advance in taxable profit from £384,294 to a record £409,177 was achieved by **Surmah Valley Tea Company** in 1977. After tax higher at £217,865 against £158,000, earnings per 25p share were up 3.11p to 51.15p.

The dividend, which again absorbs £80,000, is subject to the receipt of funds from Bangladesh.

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£25,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 3.11.78.

Terms (years)	3	4	5	6	7	8	9	10
Interest %	11	11¼	11¾	12	12¼	12¼	12½	12¼

Rates for larger amounts on request. Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 8XP (01-928 7822, Ext. 177). Cheques payable to "Bank of England, a/c FFI." FFI is the holding company for ICFC and FCI.

LOCAL AUTHORITY BONDS

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Barnsley Metro. (0226 203232)	11¼	½-year	250	5-7
Bradford (0274 29577)	11¼	½-year	500	5-7
Chorley (02572 5611)	11¾	½-year	1,000	5-7
Knowsley (051 548 6555)	11¼	½-year	1,000	6-10
Manchester (061 236 3377)	10	½-year	500	2
Poole (02013 5151)	10¼	½-year	500	2
Preseli (0437 4551)	10½	½-year	1,000	2
Preseli (0437 4551)	11¼	½-year	1,000	5
Redbridge (01-478 3020)	11¼	½-year	200	6-7
Salisbury (0722 24255)	11¼	½-year	100	5-7
Southend (0702 49451)	10¾	½-year	250	3
Wrekin (0952 505051)	11¾	yearly	1,000	5-10

INTERNATIONAL COMPANY NEWS

THE VOLVO TALKS

Agreeing to reach an agreement

BY FAY GJESTER IN OSLO

THE PROSPECTS for a wide-ranging energy-industry co-operation agreement between Norway and Sweden, centring on the purchase by Norway of a 40 per cent stake in Volvo, look much brighter after Friday's 10-hour meeting here between the two countries' Prime Ministers.

At the close of the talks, Mr. Odvar Nordli of Norway and Mr. Ola Ullstein of Sweden announced that they had achieved a break-through. They hoped to be able to publish the terms of the final Government-to-Government agreement, as well as those of the deal between Norway and Volvo, by December 8. Meanwhile, negotiations will continue at civil servant level, and there will probably be one more meeting at ministerial level before the two packages are finalised.

The Norwegians and Swedish Ministers of Industry, Energy and Finance also took part in the talks, and Mr. Pehr Gyllenhammar, Volvo's managing director, participated in some of the sessions.

Neither Mr. Ullstein nor Mr. Nordli would give details of what they had discussed on Friday. Both conceded that many problems remain to be solved, but said the groundwork for their solution had been laid. "We have agreed to reach an agreement," was the substance of their comments.

Mr. Gyllenhammar was also optimistic. The Norwegian government had shown "a very constructive attitude," he said.

An understanding seems to have been achieved because both sides have put the proposed deal in the wider context of Swedish-Norwegian industry and energy co-operation

On the eve of Friday's meeting, the problems surrounding the deal seemed to loom large. Mr. Ullstein was reportedly worried by Norwegian demands for a 40 per cent share of the taxes which the new Norwegian-Swedish Volvo will pay, partly because Volvo pays taxes mainly to local authorities, which could ill-afford any loss of revenue. Norway was said to be unwilling to commit itself to supplying large amounts of North Sea oil to Sweden, under the long-term agreement the Swedes were seeking. Another difficulty was the question of compensation for Volvo's present shareholders.

In almost identical statements on Thursday, Mr. Nordli and Mr. Ullstein said they were anxious for an agreement, "but not at any price."

Friday's understanding seems to have been achieved because both sides put the proposed Volvo deal in the wider context of Swedish-Norwegian industry and energy co-operation generally. This is indicated by the official communique, which said an extension of this co-operation was of great importance to the two countries' raw material supplies and industrial development.

Sources here say that an oil supply agreement will be included in the final package, and it is likely to involve deliveries of 8m to 10m tons annually—about one-third of Sweden's present annual consumption of 28m tons. Norway is now less insistent on getting a full 40 per cent of the taxes which Volvo pays, the sources claim, and is willing to put up extra money to compensate Volvo's shareholders. A condition of this payment would be that the new SKr 750 share capital subscribed by Norway would immediately be eligible for dividends, instead of being dividend-free for five years, as previously suggested.

Volvo's dubious undertaking to create 3,000 to 5,000 new jobs in Norway seems to have been ignored at Friday's talks. The framework agreement between Norway and Volvo, published last May, held out this prospect, if the purchase went through. Many Norwegians, including the Federation of Industry, have been sceptical about it. Supporters of the deal have not been able to say how so many new jobs could be established. According to Oslo Press reports, quoting Mr. Gyllehammar, this part of the framework agreement was not discussed on Friday.

Meanwhile Norway will soon send a delegation of senior civil servants to The Netherlands to study the Dutch experience with Volvo's loss-incurring subsidiary in that country, Volvo Car. The group, which will have talks with Dutch civil servants and Volvo Car executives, was to have made the visit last week, but had to postpone it because of talks on Friday.

State loans cover Svenskt Staal losses

By William Dullforce

STOCKHOLM, Oct. 29.

SVENSKT STAAL AB, the new Swedish steel company, half of which is owned by the state and 25 per cent each by Stora Kopparberg and Graenges, incurred a loss of SKr 643m ($152m) during the first eight months on a turnover of SKr 2.16bn ($510m).

It expects the loss for the year as a whole to be no higher than SKr 850m. It will be covered by the "reconstruction loans" granted to SSAB by the state. The loans approved by parliament total SKr 1.8bn and are repayable only when the company moves into profit.

DAF reappraisal of trailer market plans

BY CHARLES BATCHELOR

AMSTERDAM, Oct. 29.

DAF trucks, the Dutch commercial vehicle maker, has reassessed the market for trailers and will maintain a wider range of models than it first thought. Under the five year plan announced in March the loss-incurring trailer division was to be sharply cut back in Eindhoven and Madrid and DAF was to concentrate on a few standard models.

It will still reduce the size of its trailer operations but only 125 jobs will be lost compared with 200. It will retain a work force of 220.

Studies showed that the Dutch market for standard trailers declined last year. Demand for custom-built trailers was more buoyant though because foreign producers do not compete on the Dutch market for this type of trailer. Prices therefore held at higher levels.

DAF also decided it could not make enough savings by concentrating on the standard types to make the venture competitive. Customers for standard trailers often want to order non-standard types from the same manufacturer.

It therefore plans to maintain a fairly wide range of trailer types in its programme with the emphasis on trailers as opposed to articulated units. Extra effort will also be put into penetrating new markets for towing tractors used at freight terminals.

Ennia takes stake in Far East insurer

By Our Own Correspondent

AMSTERDAM, Oct. 29.

NINE insurance companies from Asia, Europe and the U.S. have set up the United Asia Reinsurance Corporation of Singapore with a paid up capital of S$5m (U.S.$2.36m). The largest shareholding (40 per cent) is held by three members of the Asian Insurance Group followed by Continental Corporation of New York with 20 per cent, Ennia of the Netherlands with 15 per cent and the Prudential Assurance of London with 10 per cent.

La Preservatrice of Paris, Chiyoda Fire and Marine Insurance of Tokyo and New India Insurance each have 5 per cent in the new company's capital.

UK ISSUES AND DIVIDENDS

The dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. Dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

	Date	Announcement last year
Acrow	Nov. 3	Int. 1.375
*Airfix Inds.	Nov. 28	Int. 1.229
Akroyd and Smithers	Nov. 24	Sec. int. 12.734
*Allied Irish Banks	Nov. 1	Int. 1.8125
Allnatt London Props.	Nov. 10	Int. 3
Arbuthnot Latham	Nov. 14	Int. 3.95
AB Foods	Nov. 5	Int. 0.7933
Assoc. Newspapers	Nov. 23	Int. 1.796
Avon Rubber	Nov. 30	Final 5.275
*BPB Industries	Nov. 25	Int. 3.9
*Bk. of Ireland	Nov. 7	Int. 5
Bass Charrington	Dec. 1	Final 3.271
Beecham	Nov. 17	Int. 5.55
Berry Wiggins	Oct. 6	Final nil
*Boots	Nov. 16	Int. 2.5 forecast
Borthwick (Thos.)	Nov. 24	Final 7.8
Brit. and Comm. Shipping	Nov. 17	Int. 4.25
Brockhouse	Nov. 24	Final 2.024
Brown Shipley	Nov. 10	Int. 4
*Carters Superfoods	Nov. 1	Int. 1.2 forecast
Cater Ryder	Nov. 6	Int. 4.52
Charter Consolidated	Nov. 15	Int. 3.025
*Chloride	Nov. 15	Int. 1.24
Coats Patons	Nov. 7	Int. 1.1475
Courtaulds	Nov. 15	Int. 2.405
Daily Mail & General Tst.	Nov. 29	Int. 4.792
*De La Rue	Nov. 7	Int. 7
French Kier	Nov. 23	Int. 0.75
*G. Portland Ests.	Nov. 7	Int. 1
Hambros	Nov. 21	Int. 27.845
*Heath (C. E.)	Nov. 13	Int. 1.457
*Hepworth (J.)	Oct. 31	Final 1.15
Hill Samuel	Nov. 16	Int. 1.472
*Land Secs.	Nov. 14	Int. 1.5
*London and Northern	Nov. 9	Int. 0.8
*Lucas Inds.	Nov. 8	Final 6.08
MEPC	Nov. 30	Final 1.7
MK Electric	Nov. 20	Int. 2.98
*Mallinson Denny	Nov. 2	Int. 1.25
*Marley	Nov. 7	Final 3.756
*Metal Box	Nov. 21	Int. 6.6
National and Comml. Bnks.	Dec. 1	Final 1.3829
Pearson (S.)	Oct. 7	Int. 2
Powell Duffryn	Nov. 22	Int. 3.5
Prop. Hays Wharf	Nov. 24	Final 3.596
Racal Electronics	Dec. 1	Int. 1.7
*Readicut Int.	Nov. 8	Int. 0.472
*Redland	Nov. 20	Int. 2.904
*Reed Intl.	Oct. 31	Int. 5.9365
Rothschild Inv. Tst.	Nov. 14	Int. 1.5
600 Group	Nov. 30	Int. 1.55
Sainsbury (J.)	Nov. 9	Int. 2.026
Scot. and Universal	Nov. 29	Int. 2.26
Sketchley	Nov. 22	Int. 1.75
Smith Inds.	Nov. 8	Final 4.5661
*Smith (W. H.)	Nov. 24	Int. 1.04545
Stalley Inds.	Nov. 9	Int. nil
Staveley Inds.	Nov. 4	Sec. int. 4
Swan Hunter	Oct. 11	Final 1.698
Tesco	Nov. 29	Int. 0.7064
Tunnel Hldgs.	Nov. 29	Int. 3.93
UKO Intnl.	Dec. 1	Int. 2.93
Unilever	Nov. 16	Int. [illegible]
Wedgwood	Nov. 15	Int. 3.5
Whitbread	Nov. 5	Int. 1.149
Whitbread Investment	Nov. 25	Int. 1.2914
*Wood Hall Tst.	Nov. 9	Final 4.941

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

RECENT ISSUES

EQUITIES

Issue Price p.	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p.
42½	F.P.	—	48p	46p	Arncliffe Hldgs.	47
101	F.P.	22/11	600	384	Ferranti New	375
‡‡	F.P.	24/11	36½	31½	Manor Nat. Grp. Motors	32
‡‡	F.P.	—	122	100	Rightwise	117

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock
£99½	F.P.	—	99½	99½	Anglesey Variable 1983
10p	—	13.10	1¼p	12½p	Audiotronic 12% Conv. Pf.
‡	£10	4/1	10½	10	Bristol Waterworks 7% Pr. 1983
£100	nil	—	7pm	3pm	Crosby House 10% Conv.
‡	F.P.	1.12	11½p	10½p	Haims 11% Cum. Pref.
£99	£25	29.9	[illegible]	[illegible]	Hill & Smith 14% 1st Deb. 20[illegible]
	nil	—	2¼pm	2¼pm	Hongkong Land 6% Loan
£100	F.P.	8.12	101½	100¼	Howard & Wyndham 12% Uns.
£99½	F.P.	—	99½	95	Kensington & Chelsea Var. Rate
	nil	26.10	2s	1s	Prov. Laundries 12% Conv.
£97½	£10	—	31½	9	Rickmansworth & Uxbridge W.
‡	F.P.	—	120	105	Rightwise 10% Conv. Uns. Ln.
£99½	£10	10.1	9	7	Southwark Corp. 12½% Red.
‡	F.P.	17.11	106	105	Victor Prods. 11% Cum. Pref.
£97½	£10	26.1	9¼	9½	West Kent Water 7% Pref. 1983

"RIGHTS" OFFERS

Issue Price p.	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p.
30p	Nil	7/11	24/11	[illegible]	Antony & Motorcy.	35pm
55	F.P.	30/8	6/10	74	Blackwood Hodge	61
44	F.P.	29/9	10/11	55½	British Printing	51½
12	F.P.	18.10	10/11	16	Change Wares	15½
113	F.P.	21/8	3/11	164	Chubb	158
265	F.P.	8.10	17/11	325	Dalgety	313
100	F.P.	1.10	3/11	110	Dudley/Goldsmiths	101
65	F.P.	6/10	10/11	90	Hawden Group	85
38	F.P.	23.10	16/11	47	Pearson (W. L.)	62
42	F.P.	6/10	3/11	48	Rotaprint Holdings	45
200	F.P.	25/9	3/11	235	Ricardo Eng.	225
155	Nil	8.11	8/12	41pm	Ryan/Tiner Products	27pm
25	F.P.	9.10	3/11	40	Wearwell	38
12	F.P.	27.10	17/11	14	Yorkgreen	14

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. e Dividend and yield based on prospectus or other official estimates for 1979. q Gross. t Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. || Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hill Samuel	§10 %
Allied Irish Banks Ltd.	10 %	C. Hoare & Co.	†10 %
American Express Bk.	10 %	Julian S. Hodge	11 %
Amro Bank	10 %	Hongkong & Shanghai	10 %
A P Bank Ltd.	10 %	Industrial Bk. of Scot.	10 %
Henry Ansbacher	10 %	Keyser Ullmann	10 %
Banco de Bilbao	10 %	Knowsley & Co. Ltd.	12 %
Bank of Credit & Cmce.	10 %	Lloyds Bank	10 %
Bank of Cyprus	10 %	London Mercantile	10 %
Bank of N.S.W.	10 %	Edward Manson & Co.	11½ %
Banque Belge Ltd.	10 %	Midland Bank	10 %
Banque du Rhone	10½ %	■ Samuel Montagu	10 %
Barclays Bank	10 %	■ Morgan Grenfell	10 %
Barnett Christie Ltd.	11 %	National Westminster	10 %
Bremar Holdings Ltd.	11 %	Norwich General Trust	10 %
Brit. Bank of Mid. East	10 %	P. S. Refson & Co.	10 %
■ Brown Shipley	10 %	Rossminster	10 %
Canada Perm't Trust	10 %	Royal Bk. Canada Trust	10 %
Cayzer Ltd.	10 %	Schlesinger Limited	10 %
Cedar Holdings	10½ %	E. S. Schwab	11½ %
■ Charterhouse Japhet	10 %	Security Trust Co. Ltd.	11 %
Choulartons	10 %	Shenley Trust	11 %
C. E. Coates	10 %	Standard Chartered	10 %
Consolidated Credits	10 %	Trade Dev. Bank	10 %
Co-operative Bank	*10 %	Trustee Savings Bank	10 %
Corinthian Securities	10 %	Twentieth Century Bk.	11 %
Credit Lyonnais	10 %	United Bank of Kuwait	10 %
Duncan Lawrie	10 %	Whiteaway Laidlaw	10½ %
The Cyprus Popular Bk.	10 %	Williams & Glyn's	10 %
Eagil Trust	10 %	Yorkshire Bank	10 %
English Transcont.	11 %		
First Nat. Fin. Corp.	11½ %		
First Nat. Secs. Ltd.	11 %		
■ Antony Gibbs	10 %		
Greyhound Guaranty	10 %		
Grindlays Bank	‡10 %		
■ Guinness Mahon	10 %		
■ Hambros Bank	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 6%, up to £25,000 7¼%, and over £25,000 7½%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7%.

Currency, Money and Gold Markets

The results of intervention

BY COLIN MILLHAM

Fears grew last week about the implications for the money supply of any renewed inflow of funds into London. Sterling was very firm, but the movement of foreign money into London has probably not been too great as yet, and intervention by the Bank of England in the foreign exchange market has not been anywhere near the scale of some other central banks.

The implications for Minimum Lending Rate are not yet clear, and although the upward climb of U.S. rates may eventually make a rise in MLR necessary, the London money market seemed slightly less pessimistic at the end of last week. The sharp rise in the bill rate at the Treasury bill tender was at least partly the result of the large increase in the number of bills on offer.

Sterling gained 6.15 cents on the week against the dollar, to finish at $2.0625-2.0635, but the pound's performance against other currencies was more interesting, with the Bank of England index rising to 62.9 from 61.9 on the previous Friday.

Sterling rose against the D-mark, Swiss franc and Japanese yen—quite a feat when all three currencies were at record highs against the dollar—although by how much central bank intervention distorted movements is hard to tell.

Intervention by the Bundesbank, Swiss National, and Bank of Japan ran over the $100m mark by each bank on some days, with the Japanese authorities buying around $700m in Tokyo on Wednesday in a vain bid to hold down the value of the yen.

The Swiss central bank had more success than the others in preventing the dollar's fall, but at what cost in intervention can only be imagined. The Bundesbank's currency reserves rose by DM 6.8bn in the first three weeks of this month—twice the rate for the whole of September—and this takes no account of last week, when intervention in the foreign exchange market reached new peaks.

The Bundesbank has already raised the minimum reserve requirements of banks to drain excess liquidity caused by currency intervention, but further moves may be required if this situation continues.

CURRENCY RATES

DATE	Special Drawing Rights	European Unit of Account
Sterling	0.645290	0.686508
U.S. dollar	1.33704	1.41952
Canadian dollar	1.57022	1.67304
Austrian schilling	17.2077	18.2676
Belgian franc	37.0795	39.3668
Danish Krone	6.55150	6.96259
Deutsche Mark	2.35433	2.50179
Guilder	2.56712	2.72655
French franc	5.40231	5.75158
Lira	1063.95	1131.34
Yen	240.400	254.061
Norwegian Krone	6.35295	6.76936
Peseta	90.8452	96.7956
Swedish Krona	5.57630	5.93141
Swiss franc	2.01759	2.13921

GOLD

	Oct. 27	Oct. 26
Gold Bullion (a fine ounce) Close	$244½-245½ (£118.660)	$241½-242½
Opening	[illegible]	[illegible]
Morning fixing	$244.15 (£116.115)	$241.50 (£116.660)
Afternoon fixing	$244.50 (£115.529)	$243.75 (£116.447)
Gold Coins, domestically: Krugerrand	$247-249	$245½-246½
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	$64½-66½	$65-67
Gold Coins, internationally: Krugerrand	$242-244	$24½-244
New Sovereigns	$63½-65½	$64-65
Old Sovereigns	$64½-66½	$65-67
$20 Eagles	$314-317	$315-318
$10 Eagles	$167-172	$162-167
$5 Eagles	$114-116	$115-116

THE DOLLAR SPOT

October 27	Day's spread	Close
Canadian $*	84.48-85.18	85.16-85.18
Guilder	1.9125-1.9350	1.9160-1.9200
Belgian Fr	27.58-27.93	27.67-27.70
Danish Kr	4.8925-4.9285	4.9070-4.9085
D-Mark	1.7550-1.7760	1.7590-1.7605
Port. Esc.	43.55-43.90	43.55-43.85
Span. Pta	67.91-68.30	67.91-67.97
Lira	796.00-796.40	796.25-797.00
Norwgn. Kr	4.7485-4.7820	4.7720-4.7740
French Fr	4.0450-4.0650	4.0475-4.0575
Swedish Kr	4.1685-4.1825	4.1685-4.1700
Yen	178.55-179.70	178.90-179.10
Austria Sch	12.8650-13.0100	12.9200-12.9300
Swiss Fr	1.5010-1.5140	1.5030-1.5060

* U.S. cents per Canadian $.

FORWARD AGAINST $

	One month	p.a. %	Three months	p.a. %
Canadian $	0.02c dis-par	−0.14	0.07-0.10c pm	0.39
Guilder	0.05c dis-0.10c pm	0.31	0.35-0.20c pm	0.51
Belgian Fr	9-12c dis	−3.78	5-12c dis	1.42
Danish Kr	3.15-3.65ore dis	−9.13	8.15-8.65ore dis	−7.35
D-Mark	0.96-0.91pf pm	6.32	3.18-3.13pf pm	6.95
Port. Esc.	35-180c dis	−29.52	130-500c dis	−28.83
Span. Pta	115-135c dis	−22.07	285-325c dis	−17.56
Lira	3.10-3.85lire dis	−5.45	9½-11 lire dis	−5.27
Norwgn. Kr	2.25-2.75c dis	−5.40	6.25-6.75c dis	−4.79
French Fr	0.95-0.75c pm	2.65	1.85-1.65c pm	1.97
Swedish Kr	1.05-1.25ore dis	−3.30	1.25-1.45ore dis	−1.26
Yen	1.37-1.27y pm	9.02	3.55-3.45y pm	7.56
Austria Sch	4.25-3.25gro pm	3.49	11.25-9.25gro pm	3.19
Swiss Fr	1.27-1.17c pm	9.48	4.05-3.95c pm	10.26

THE POUND SPOT

Oct. 27	Bank rate %	Day's spread	Close
U.S. $	8¾	2.0575-2.0725	2.0625-2.0635
Canadian $	10¾	2.4210-2.4470	2.4220-2.4235
Guilder	6½	[illegible]	[illegible]
Belgian F	6	57.00-57.60	57.05-57.15
Danish K	8	10.11-10.17	10.12-10.15
D-Mark	3	[illegible]	[illegible]
Port. Esc.	18	[illegible]	[illegible]
Span. Pes.	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Norwgn. K	[illegible]	[illegible]	[illegible]
French Fr	[illegible]	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Austria Sch	4½	28.50-28.80	28.58-28.68
Swiss Fr	1	3.09-3.15	3.10-3.11

Belgian rate is for convertible francs. Financial franc [illegible].

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
U.S. $	0.25-0.15c pm	1.15	0.70-0.60c pm	1.26
Canadian $	0.25-0.15c pm	0.8	0.85-0.75c pm	1.22
Guilder	[illegible]	0.76	[illegible]	1.64
Belgian F	par-20c dis	−2.1	5c pm-10c dis	−0.17
Danish K	5-7ore dis	−7.10	15-25ore dis	−5.73
D-Mark	[illegible]	7.43	[illegible]	[illegible]
Port. Esc.	50-150c dis	−13.55	200-400c dis	[illegible]
Span. Pes.	[illegible]	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]	[illegible]
Norwgn. K	[illegible]	[illegible]	[illegible]	[illegible]
French Fr	[illegible]	[illegible]	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Fr	[illegible]	[illegible]	[illegible]	[illegible]

Six-month forward dollar 1.35-1.45c pm. 12-month 1.70-1.50c pm.

OTHER MARKETS

Oct. 27	£	$		£ Note Rates
Argentina Peso	1,856-1,860	896.66-901.60	Austria	26.60-27.40
Australia Dollar	1.7447-1.7497	0.8457-0.8481	Belgium	60.50-61.50
Finland Markka	7.90-7.92	3.8310-3.8330	Denmark	10.05-10.20
Brazil Cruzeiro	40.01-41.01	19.40-19.88	France	8.36-8.44
Greek Drachma	71.538-73.594	34.84-35.67	Germany	3.63-3.73
Hong Kong Dollar	9.76-9.78½	4.7280-4.7320	Italy	1630-1680
Iran Rial	142-148	70-70.70	Japan	368-378
Kuwait Dinar (KD)	0.543-0.553	0.26645-0.26665	Netherlands	3.95-4.05
Luxembourg Frc.	57.20-57.30	27.67-27.70	Norway	9.75-9.85
Malaysia Dollar	4.48½-4.50½	2.1245-2.1265	Portugal	88-104
New Zealand Dir.	1.8518-1.8588	0.9170-0.9204	Spain	144½-148½
Saudi Arab. Riyal	6.36½-6.46½	3.2000-3.2250	Switzerland	3.10-3.20
Singapore Dollar	4.36½-4.37½	2.1155-2.1165	United States	2.060-2.0700
South African Rand	1.6478-1.6658	0.8660-0.8760	Yugoslavia	41-45

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Oct. 27	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.063	3.635	369.5	8.375	3.105	3.955	1645	2.42	57.10
U.S. Dollar	0.485	1.	1.761	179.1	4.058	1.505	1.917	796.5	1.174	27.68
Deutsche Mark	0.275	0.568	1.	101.7	2.305	0.855	1.09	452.4	0.67	15.72
Japanese Yen 1,000	2.706	5.583	9.831	1000.	22.66	8.405	10.70	4447.	6.556	154.5
French Franc 10	1.194	2.464	4.339	441.3	10.	3.709	4.724	1963	2.893	68.20
Swiss Franc	0.322	0.664	1.170	119.0	2.696	1.	1.274	529.2	0.780	18.39
Dutch Guilder	0.253	0.522	0.918	93.43	2.117	0.785	1.	415.5	0.613	14.44
Italian Lira 1,000	0.609	1.255	2.211	224.9	5.095	1.890	2.407	1000.	1.474	34.75
Canadian Dollar	0.413	0.852	1.499	152.5	3.456	1.282	1.633	678.3	1.	23.57
Belgian Franc 100	1.751	3.613	6.362	647.1	14.66	5.438	6.926	2878	4.243	100.

MONEY RATES

NEW YORK	
Prime Rate	10
Fed Funds	9.125
Treasury Bills (13-week)	7.80
Treasury Bills (26-week)	8.43
GERMANY	
Discount Rate	3
Overnight	[illegible]
One month	3.60
Three months	3.95
Six months	[illegible]
FRANCE	
Discount Rate	9.5
Overnight	7
One month	[illegible]
Three months	7.375
Six months	7.6875
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.25
Bills Discount (three-month)	4.8

LONDON MONEY RATES

Oct. 27 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	[illegible]	—	—	—	[illegible]	[illegible]	—	—	—
2 days notice	—	—	9½-9⅝	—	—	10¼	—	—	—	—
7 days notice	—	[illegible]	[illegible]	—	—	[illegible]	[illegible]	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	—	[illegible]	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent; four-month trade bills [illegible] per cent. Approximate selling rates for one-month Treasury Bills [illegible] per cent, and two-month [illegible] per cent; three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent; one-month trade bills [illegible] per cent; two-month [illegible] per cent and three-month [illegible] per cent. Finance House Base Rates (published by the Finance Houses Association) [illegible] per cent from October 1 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 6-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 10.2846 per cent.

MINING

MINING NOTEBOOK

Down-under gem jitters

BY LODESTAR

[illegible] ACCOUNT here last week [illegible]w long it took to establish [illegible]mond mine in Lesotho has [illegible]pted some anxious inquiries [illegible] stale bulls in the Australian [illegible]ond exploration play. They [illegible] seen share prices drift back [illegible]ntuated in London by the [illegible] investment premium) in[illegible]ng those of the companies [illegible]ved in the Ashton venture [illegible]estern Australia's Kimberley [illegible]n, notably Conzinc Riotinto [illegible]A) and Northern Mining.

[illegible]e main questions posed were [illegible]her the market is now faced [illegible] a dreary blank period before [illegible] issues the next Ashton pro[illegible] report in January and [illegible]her that report is likely to [illegible]ore inspiring than the last [illegible].

[illegible]e answer to the first query [illegible]s from CRA itself which says [illegible] "anything exceptional" [illegible]d be announced as it [illegible]rred. In view of CRA's [illegible]us policy of damping down [illegible] market speculation as [illegible] as possible it may be taken [illegible] granted that any interim [illegible]ment would only be issued [illegible]omething very exceptional [illegible]ed had emerged from the [illegible]on bulk sampling programme.

[illegible] to whether the January [illegible]rt will be more inspiring, it [illegible] be remembered that the [illegible]ing programme scheduled [illegible] the remainder of 1978 is not [illegible]ected to provide any reliable [illegible]mation as to the grade of [illegible] individual pipe." The main [illegible] is that the next and subse[illegible]t quarterlies will be more [illegible]ific about the findings in [illegible]vidual pipes following an [illegible]urst of criticism in Australia [illegible]he last report which the Mel[illegible]ne Stock Exchange referred [illegible] group of consulting geolo[illegible] for an assessment of its [illegible]uacy. But the Exchange [illegible]ns to have been very coy [illegible]t revealing their verdict.

[illegible]e wonders in such circum[illegible]ces what the down-under [illegible]k exchanges are making of [illegible] constant flow of announce[illegible]ts from junior explorers [illegible]t ground they have pegged [illegible] what their judgment is of [illegible] geological evidence put for[illegible]d as justifying the selection [illegible]ny particular area. In some [illegible]s any old circular structure [illegible]ns to be a sufficient excuse. [illegible]here also appears to be a [illegible]mct shortage of geologists [illegible] adequate knowledge of the [illegible]ly specialised prospecting [illegible]s required in the search for [illegible]nonds. It is claimed that many [illegible] the seekers have never even [illegible] a diamond in the rough [illegible]ch is vastly different in [illegible]earance from that of the [illegible]rkling stones that adorn our [illegible]es and girl friends. Perhaps they are looking for the world's first cut and polished diamond mine."

As for the finders of the odd stone here and there it should be borne in mind that, in the words of an interesting article on diamond prospecting in the Mining Magazine, "diamonds can travel for a long time and over great distances. For instance, the South West African coastal diamond deposits are believed to originate at least in part at Kimberley some 1,000 miles inland. During millions of years the weaker stones were eliminated en route leaving mostly high-value crystals in the coastal deposits."

But, the article continues, "it is revelatory of the state of knowledge that no evidence has yet been collected which definitely correlates the respective diamond populations of Kimberley with the S.W. coastal deposits."

So should the stale bulls in the Australian share market be entirely downhearted? The answer is no. There will be further spasms of speculative fever probably stretching over a long period of time. But when the sky appears to be the limit then is the moment for selling not buying.

The next event of market interest should be the start of dealings early next month in the shares of the recently floated Ashton Mining with its 22.4 per cent stake in the Ashton prospect. Then could come the moment of truth for the price of Northern Mining, currently 92p, with its 5 per cent slice of Ashton.

* * *

Friday's afternoon's London "fixing" of the platinum price was a giddy $370 an ounce. Even the most rabid of bulls were beginning to get a bit nervous. Dealers were looking warily at the huge "premium" of $135 that had been established over the gold price. Normally they would be happy with a $50 to $60 margin and would regard $100 difference as top weight.

So the feeling was growing that platinum may be approaching the peak of its recent strong upward movement. In some quarters a setback to the $320 neighbourhood was regarded as a possibility. Thus the next upward shift in the producer price, with Rustenburg again leading the way, is expected to be to no higher than $300 compared with the recently established $280.

This morning will see the start of dealings in Impala Platinum 20-cent shares, the reconstructed successor to Bishopsgate Platinum and 100 per cent owner of South Africa's Impala platinum mine. Impala should be a lively market and could offer more scope for appreciation than Rustenburg.

INSURANCE

Behind the rise in malpractice cover

BY OUR INSURANCE CORRESPONDENT

CLAIMS for professional negligence in this country have a long way to go both in number and the amount of money involved before they reach the volume of malpractice claims experienced by all kinds of professional men in the U.S. The volume there is so great that some professionals are finding it difficult, if not impossible, to obtain insurance cover, and are forced to continue in practice only at substantial risk to their own finances.

While one hopes that British professionals are more competent than their transatlantic counterparts, that potential British claimants are more realistic and less speculative than their American cousins, and that the British legal system ensures a fairer balance between claimant and alleged wrongdoer, these are but hopes, and it may be that in the next few years professionals here will experience something of the compensation claim storm that is raging in the U.S.

In making this gloomy supposition it is unwise to rely too much on the evidence of the substantial revision of professional indemnity rates made by insurers writing the Law Society's compulsory scheme in England and Wales. From September 1 this year, many solicitors have been paying almost double the premiums paid previously.

Rising cost

But this swingeing increase is perhaps more a reflection on the insurance consortium's original optimistic under-pricing when the scheme was set up in 1975 than evidence of a sudden dramatic upsurge in the number and cost of claims against solicitors over the three year period.

As the Law Society's insurers had a special annual factor to take care of inflation, inflation's impact on the underwriting result and the need for re-assessment can to a high degree be discounted.

Now from January 1, the two main medical practitioners' groups are to raise their normal subscriptions from £40 to £70 a year to cover the rising cost of court awards and to build up more effective reserves.

The Medical Defence Union has 85,000 members and the Medical Protection Society 70,000 members. Each runs its own direct professional negligence fund uninsured, subject, however, to reinsurance protection for exceptional claims.

Figures published by the two societies show that in 1977 compensation claims cost their funds just under £3m. This sum was split roughly two-thirds to claimants and one-third to the lawyers involved.

Incidentally, this is a rather higher proportion of legal costs than was disclosed to the Pearson Royal Commission in insurers' evidence on injury compensation, and perhaps underlines the extra legal difficulties involved in professional negligence claims as contrasted with claims for road or work injuries.

Serious claim

In the three years from 1975-1977, total compensation payments made by the two societies have more than doubled. Although the period was one of high inflation, insurers generally reckoned not to have experienced much more than a 50 per cent increase in injury claim payments stemming from motor and liability insurance in the same period.

So the societies' figures must provide evidence of increasing incidence, increasingly serious claims, or perhaps both.

Other professionals — accountants, architects, brokers, and so on — do not enjoy national schemes (some solicitors might say "suffer"), and so it is difficult to obtain figures for changes in claims costs and premiums in this individual market in which relatively few insurers actively participate.

But it is surely without argument that these professions and their insurers are being subjected to claims pressures similar to those experienced by lawyers and doctors, and the premiums for professional negligence cover must continue to rise, not just to counterbalance inflation but to contain increasing public awareness of the availability of compensation for professional incompetence.

Farmers set up fighting fund

COUNTY BRANCHES of the National Farmers' Union in Nottinghamshire, Leicestershire and Lincolnshire are setting up a fighting fund to help fight National Coal Board plans for mining in the Vale of Belvoir.

They hope to collect £15,000 and will be calling for contributions of 25p an acre. They also want industries linked to agriculture to make donations.

WORLD STOCK MARKETS

Indices

NEW YORK – DOW JONES

	Oct. 27	Oct. 26	Oct. 25	Oct. 24	Oct. 23	Oct. 20	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	806.05	821.12	830.21	832.55	839.65	832.02	907.74	742.12	1051.70	41.22
Home Bonds	87.24	87.24	87.51	87.51	87.54	87.71	90.65	86.75	—	—
Transport	212.2[illegible]	217.52	22[illegible].51	223.34	224.75	223.8[illegible]	261.49	199.31	279.88	12.23
Utilities	96.93	100.4[illegible]	101.55	101.79	102.17	102.30	110.98	96.92	163.32	10.58
Trading vol. 000's	39,690	31,920	31,290	28,860	36,060	48,670	—	—	—	—

* Day's high 825.54 low 804.49

Ind. div. yield %				Year ago (approx.)
	5.67	5.92	5.48	5.49

STANDARD AND POORS

	Oct. 27	Oct. 26	Oct. 25	Oct. 24	Oct. 23	Oct. 20	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	104.95	106.55	107.92	108.08	108.83	108.58	118.71	95.52	134.64	3.55
Composite	94.59	96.03	97.51	97.49	98.18	97.95	106.99	86.90	125.55	4.40

				Year ago (approx.)
Ind. div. yield %	5.09	4.93	4.69	4.84
Ind. P/E Ratio	9.05	9.34	9.81	9.12
Long Gov. Bond yield	8.67	8.65	8.56	7.78

N.Y.S.E. ALL COMMON

Oct. 27	Oct. 26	Oct. 25	Oct. 24	1978 High	1978 Low
52.52	53.48	54.34	55.71	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Oct. 27	Oct. 26	Oct. 25
Issues traded	1,889	1,881	1,869
Rises	181	160	623
Falls	1,472	1,474	852
Unchanged	236	247	394
New Highs	—	—	—
New Lows	—	—	—

MONTREAL

	Oct. 27	Oct. 26	Oct. 25	Oct. 24	1978 High	1978 Low
Industrial	202.85	204.05	204.59	204.88	222.14 (11/10)	162.80 (16/2)
Combined	210.04	210.90	201.95	210.54	226.61 (12/10)	170.82 (30/1)
TORONTO Composite	1223.9	1251.5	1251.8	1229.8	1389.7 (12/10)	998.2 (30/1)
JOHANNESBURG Gold	260.2	254.9	246.5	244.0	272.0 (13/4)	185.0 (20/4)
Industrial	276.5	275.5	275.9	272.1	276.5 (27/10)	184.9 (15/3)

	Oct. 27	Pre-vious	1978 High	1978 Low
Australia	540.60	540.79	590.24 (22/9)	411.19 (1/3)
Belgium	97.40	97.49	101.16 (2/1)	90.45 (25/4)
Denmark	96.64	96.46	99.95 (14/3)	90.84 (26/10)
France	79.1	80.6	83.5 (4/10)	47.5 (3/2)
Germany	841.20	840.30	855.8 (19/10)	779.4 (11/2)
Holland	81.5	82.7	93.1 (11/9)	75.0 (4/4)
Hong Kong	675.71	671.73	707.70 (4/9)	383.4 (13/4)
Italy	71.51	73.00	82.82 (29/9)	59.45 (10/1)
Japan	427.05	424.71	439.72 (20/10)	364.04 (4/10)
Singapore	392.88	392.29	414.20 (6/9)	252.0 (9/1)

	Oct. 27	Pre-vious	1978 High	1978 Low
Spain	86.91	87.94	110.46 (9/5)	87.86 (11/5)
Sweden	343.15	336.26	405.00 (4/8)	322.74 (5/1)
Switzerld	267.5	267.9	335.7 (14/2)	261.6 (26/9)

Indices and base dates (all base values 100 except NYSE All Common – 50, Standards and Poors – 10 and Toronto 300—1,000, the last named based on 1975) * Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ° Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Reliance Group	605,400	22⅛	−⅝
Armco	456,300	17⅜	−1⅛
Sears Roebuck	351,600	21⅛	−⅛
Texaco	324,100	22⅞	−⅛
Pan Am Air	324,100	7	−⅛
Goodyear Tire	310,200	16	−⅛
Boeing	274,800	59⅝	−⅛
LTV	262,300	6⅜	−1⅛
Exxon	242,900	49	−⅛
Amer. Tel. & Tel.	216,100	61	−1

EUROPE

AMSTERDAM

Oct. 27	Price Fls.	+ or −	Div. %	Yld. %
Ahold (Fl. 20)	108.6	−2.1	28	5.1
Akzo (Fl. 20)	28.0	−0.1	—	—
Alg'emBank (Fl.100)	360		A25	7.9
AMEV (Fl. 10)	84.5	−0.2	50	5.9
[illegible]	[illegible]			

BRUSSELS/LUXEMBOURG

Oct. 27	Price Frs.	+ or −	Div. Frs. Net	Yld. %
Arbed	2,200	−30	—	—
Bekaert "B"	2,565		116	4.5
[illegible]	[illegible]			

SPAIN

October 27	Per cent	
Asland	123	−1
Banco Bilbao	287	−4
Banco Atlantico (1,000)	239	—
Banco Central	305	−9
Banco Exterior	272	−4
[illegible]	[illegible]	

TOKYO

Oct. 28	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	544	+4	14	2.3
Canon	427	−4	12	1.8
Casio	850		25	1.5
[illegible]	[illegible]			

COPENHAGEN

[illegible]

VIENNA

[illegible]

GERMANY

[illegible]

STOCKHOLM

[illegible]

SWITZERLAND

[illegible]

MILAN

[illegible]

OSLO

[illegible]

PARIS

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

BRAZIL

[illegible]

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

Securities Rand US$0.70 (Discount of 39.13%)

CANADA

[illegible]

WALL STREET

NEW YORK

1978 High	1978 Low	Stock	Oct. 27
[illegible]	25	Abbott Labs	30⅝
[illegible]	13⅝	Addressograph	19⅛
[illegible]	31⅛	Aetna Life & Cas.	36⅝
64⅛	45⅛	Corning Glass	62⅛
54⅛	42⅛	CPC Int'n'tional	48⅛
36⅛	24⅝	Crane	25⅛
30	21⅛	Crocker Natl.	26⅛
37⅞	29⅝	Crown Zellerbach	32⅝
34⅛	26⅛	Johns Manville	26⅛
88½	66	Johnson Johnson	73⅝
33½	24⅝	Johnson Control	24⅛
38⅛	29⅝	Joy Manufactur'g	29⅛
29⅛	23⅛	K. Mar Corp.	24⅝
58½	38	Revlon	47
39⅝	25⅛	Reynolds Metals	32
64	52⅛	Reynolds R. J.	67½
30⅝	20	Rich'son Merrell	21⅝
37⅝	28⅞	Rockwell Inter.	32⅛
[illegible]	[illegible]	[illegible]	[illegible]

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax. [illegible]

INTERNATIONAL CAPITAL MARKETS

INTERNATIONAL BONDS

The dollar shake-out continues

BY NICHOLAS COLCHESTER AND FRANCIS GHILES

IT WAS another week of hectic decline in the dollar sector of the international bond market, continuing a slide which now stretches back to October 12. One dealer called the market "a bit of a bloodbath" and explained that it had been the second rank bonds of short maturity which suffered most. This sort of paper fell in price by up to 4 per cent over the week.

In the background to the market's continued sickness was the resounding backfire of President Carter's anti-inflation package. The dollar dropped by another 3.3 per cent against the D-Mark to close at Dm1.76. The rise in six month Eurodollar rates continued, going up by ¾ per cent to 11¾ per cent at the week's end. The way in which this rate has left bond yields standing is show below.

Nevertheless, big selective buyers of dollar bonds were there, mainly dollar denominated offshore funds, British insurance companies with dollar liabilities and one dealer cited Japanese investors. As an example of the selectivity of these buyers' the Singer 8¾ per cent maturing in 1982 dropped by four points to 90½ and to a redemption yield of no less than 11.80 per cent, while the New Zealand 8½ 1983 dropped by only a point or so to 94¼ and a yield of 10.1 per cent.

The same discrimination was visible at the longer end of the market but with falls which were in general smaller. Thus the Inco 9 per cent 1992 dropped 2¼ points to 91¼, while the better known Shell 8½ 1990 slipped only one point to 93½.

Though there were signs of dollar-fat institutions committing themselves to the market, the view among dealers was unanimous that what could well prove a good buy now would *prove a better one later*. Kidder Peabody, plainly conscious of the potential abruptness of the rebound when it comes, felt that A rated long term yields should rise to 10¼ per cent—(the bottom of the market in 1974) before the market could be considered oversold. An executive at Credit Suisse First Boston talked of "a bad 12 months" He foresaw inflationary problems in the U.S. lasting some time during which the dollar would continue to be regarded as a weak currency.

Yet behind this continued pessimism there were some interesting hints that the week's trading was not an unmitigated disaster for the market makers. "The trouble with this market is lack of supply," said one dealer. This sounded an odd sentiment in a bear market until he explained that he had no problem getting rid of good quality bonds if only he could get hold of them in sufficient quantity.

Consistent with this was the thinly disguised pleasure at two other prestigious trading houses that Swiss institutions were unloading some good quality bonds in hasty fashion. Again, buyers were not hard to find.

Despite the depressing short-term outlook for the U.S. dollar, U.S. interest rates and U.S. inflation, the old conundrum of the dollar market in its current phase remains. Everybody agrees that borrowers will not touch it, that yields are too high and that the dollar looks undervalued, yet what is perceived as a rotten deal for the borrower is not yet seen as a good one for the investor.

Certainly the Floating Rate Notes sector was one of disillusionment last week. Kidder Peabody noted: "FRN's have been popularised as a super liquid sector. Certainly this is no longer the case. Recent issues have been discarded in the market at fire-sale prices." I cited Gotabanken's FRN due in 1985 which were priced last week at par but opened in the market at 96¼.

The Deutschemark sector had a mixed and at times nervous week but after falling quite heavily at mid-week, prices recovered on Thursday and Friday *to close on average about* one half point lower than a week earlier.

Three sets of factors affected prices: the Bundesbank move to increase minimum deposit requirements appears to have been misread by some in the market as a signal for a likely increase in interest rates. By Thursday it became obvious that interest rates would not move. Most German bankers do not expect any change on this front until the beginning of next year.

The second factor was the widening yield gap between domestic and foreign DM bonds, in favour of the former. This gap closed somewhat as the week progressed but the weakness of the domestic market continued to have an effect on the foreign sector.

The general currency market turmoil affected investors with many left wondering whether the U.S. currency had reached its historical low against the Deutschemark. The yield gap between DM and dollar denominated bonds is now very wide and making investors extremely cautious.

The weakness of the market, coupled with the reluctance of many investors to take on yet more European supranational agency paper, led Deutsche Bank to increase the coupon of the DM 150m ECSC issue from an indicated 5¾ per cent to six per cent. It priced it at par instead of the indicated 99 and this had the effect of lifting the yield from an indicated 5.88 per cent to 6 per cent. The same reasons led BHF Bank to announce generous terms on its new Council of Europe issue.

At the same time the BankAmerica Corporation issue was in great demand. Allotments were very tight, some banks getting only ten per cent of the number of bonds they had put in for. This good reception led Deutsche Bank to price the bonds at par instead of the indicated 99, lowering the yield from an indicated 5.82 per cent to a final 5.75 per cent. A prime U.S. bank name has rarity value.

A DM100m private placement for the EIB is being arranged by Commerzbank. But this bank may not take advantage of its slot in the calendar next week to bring another public bond to the market. Certainly this will not be for New Zealand. The address of an eventual borrower remains unknown.

A DM50m convertible for Nippon Yusen, a shipping company, was announced, through Westdeutsche Landesbank: the final conditions are expected on November 6. The shares were quoted at Y235 in Tokyo on Friday. They have reached a high of Y259 this year and touched a low of Y185.

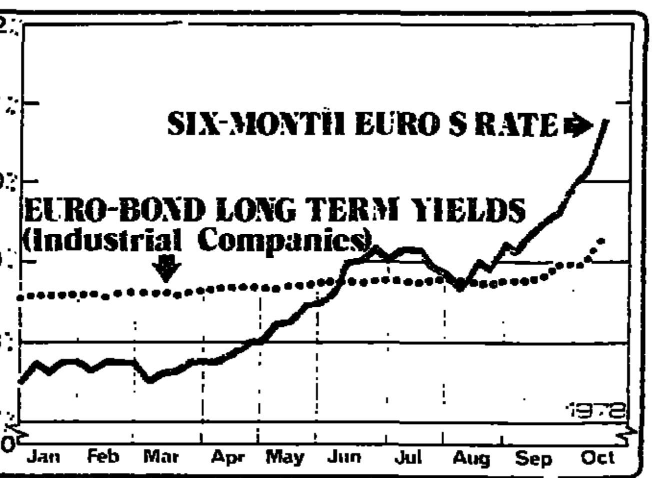
No terms of the DM500m for the World Bank which Deutsche Bank is expected to bring to the market later this week are yet available.

The French franc sector witnessed its second new issue since the sector reopened last month. The terms of the issue for Unilever are markedly more generous than those for the EIB issue last month. Prices in the secondary market, including that of the recent EIB issue were unchanged last week.

● A group of five banks are expected to be jointly mandated by Mexico's Banco Nacional de Obras y Servicios Publicos to arrange a $500m eight-year credit with four years grace on a spread of ¾ per cent over the interbank rate throughout. These terms are the finest obtained by a Mexican borrower in the current cycle.

The five banks are: Bank of Nova Scotia, Lloyds Bank International, Manufacturers Hanover Trust, Swiss Bank Corporation and Tokai.

The Algerian State oil company, Sonatrach, has just signed a $63m 12-year loan with three and a half years' grace and a spread of 1¾ per cent with a group of banks led by Marine Midland. Co-lead manager is Wardley Middle East. This loan is guaranteed by Banque Exterieure d'Algérie.



BONDTRADE INDEX AND YIELD

	October 27		October 20		High	Low
Medium term ...	97.08	8.62	97.76	8.42	99.81 (19/4)	96.35 (27/10)
Long term	90.69	9.16	91.81	8.95	94.07 (19/4)	90.03 (27/10)

EUROBOND TURNOVER (nominal value in $m.)

	U.S. dollar Bonds last week	U.S. dollar Bonds previous week	Other Bonds last week	Other Bonds previous week
Euroclear	1,058.3	1,034.9	333.0	364.8
Cedel	373.1	531.2	223.9	315.7

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡†Gotabanken	25	1988	10	6†	100	S. G. Warburg	6.09
§Central Telephone & Utilities Corpn.	40	1993	—	7	*	Dean Witter Reynolds	*
‡†Long Term Credit Bank of Japan	75	1985	7	5½	100	Crédit Suisse First Boston Crédit Lyonnais	5.32
D-MARKS							
‡Bank America Corp.	150	1990	12	5¾	100	Deutsche Bank	5.75
City of Copenhagen	75	1990	7½	6	99½	Deutsche Bank	6.06
§Olympus Optical	80	1985	—	3½	100	Deutsche Bank	3.5
‡ECSC	150	1988	10	6	100	Deutsche Bank	6.0
Council of Europe	130	1988	8	6¼	100	BHF-Bank	6.25
‡**EIB	100	1988	10	6	99	Commerzbank	6.14
§Nippon Yusen	50	1985	—	3½	100	West LB	3.54
FRENCH FRANCS							
Unilever	100	1985	7	10	*	Banque de l'Union Européenne	*
KUWAITI DINARS							
CNAN	10	1986/90	—	8½	100	BAII, KFTCIC	8.5

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. Minimum. § Convertible
†† Registered with U.S. Securities and Exchange Commission. ¶ Purchase fund.
Note: Yields are calculated on AIBD basis.

U.S. BONDS

The Federal Reserve bites the bullet

BY JOHN WYLES

THE NEW YORK bond market last week stood solidly shoulder to shoulder with the domestic stock markets and foreign exchange markets in giving the thumbs down to President Carter's new anti-inflation package. Prices on short term treasury notes and bonds continued the slide of the previous week and fell back by ½-¾ while long term Government obligations declined by as much as ¾ of a point.

Long term prime grade corporate bonds fared little better and with their yields comfortably exceeding 9 per cent, are setting new peaks for this business cycle.

For bond dealers and investors the success or failure of the Government's renewed bid to curb inflation is still several months down the road which may, in the meantime, be littered with substantial interest rate increases.

For the moment the Federal Reserve Board appears to be biting the bullet and aggressively boosting rates in what many think to be a too-belated attempt to get a grip on the money supply. The Federal funds rate target moved to at least 9½ per cent during the week but due to technical problems Federal funds traded at an average of 9.37 per cent—47 basis points higher than the week before.

This was partially responsible for hoisting three and six months commercial paper and certificates of deposit rates to levels which suggest that yet another increase in commercial banks' prime rates is imminent *after last week's increases from* 10 to 10¼ per cent.

Morgan Guaranty gave six-month CDs a nudge by writing "a sizeable amount" at 10¾ per cent against a secondary market rate of 10.05 per cent. With CD rates at this level and three-month commercial paper up 50 basis points over the last four weeks to 9.13, it is generally acknowledged that the new prime of 10¼ per cent looks fragile and will be short-lived.

Those dealers who took time off to listen to their gurus heard nothing to lift their spirits. Dr. Henry Kufman, the influential senior partner at Salomon Brothers travelled to a bankers' conference in Hawaii to deliver the message that U.S. interest rates were about to begin their sharpest increase since 1976. Arguing that "disillusionment and new fears are beginning to envelop the credit markets" Dr. Kaufman claimed that the fuel which will propel rates even higher is an explosive combination of ineffectual government policies, an "illusion of *liquidity" which is encouraging* borrowing and spending and double digit inflation. Both of the options facing policy makers point to higher interest rates, said Dr. Kaufman, since the current approach of feeding inflation will drive yields higher as would a tightening of monetary policy. Dr. Kaufman's reading of the tea leaves foresaw new issues of triple A rated utility bonds sailing past the 1974 cyclical peak of 10½ per cent and three month commercial paper rates of at least 11 per cent.

For more than a year Dr. Kaufman has been one of Wall Street's grizzlier bears and others take a less alarmist view. Dr. Bill Griggs, senior economist at Schroder Bank and Trust, gives the President's policy a sporting chance of success and thinks it possible that interest rates will peak at year end, although they may remain on the plateau for a considerable period next year.

In the meantime, the uncertainty is contributing to a thin calendar of corporate offerings. Southern California Edison *has slated one of this week's* largest issues in the form of a 25-year double A rated $200m offering. More market attention is likely to be focused on the Treasury's quarterly refinancing auctions on Tuesday, Wednesday and Thursday which will raise about $6.75bn through 3¼ year, 10 year and 30 year issues which are expected to set record yields in the range of 8.65 to 8.75 per cent.

DOMESTIC BONDS

Yield curve steepens in Germany

By Jeffrey Brown

BOND prices in Frankfurt were steadier on Friday having shed something like half a point in the first three days of last week. Once again there has been no real selling pressure—contrary to the message to be found in the yield graphs.

These show that the return on four years bonds has moved up from 5.8 per cent to 6 per cent over the past two weeks, with the yield on six year maturities lifting from 6.2 per cent to 6.5 per cent. But the yield curve has steepened most noticeably at the longer end of the market. Yields on ten year paper are now nudging 7 per cent on average, against the 6.5 per cent available in the middle of October.

Nailing the forces behind the latest shake-out is not easy. By itself the central bank's move to mop up the excess liquidity caused by currency inflows has had little direct bearing on the capital market. But it does underline the extent of the turmoil in the foreign exchange markets, as well as the central role now being played by the DM.

At all events, the market remains nervous and unsettled. The next move by the investing institutions is complicated further by their possible need to reserve funds for book balancing. At this time of the year fund managers find themselves thinking hard about end of year accounting.

The present uncertainties were reflected in the terms of the new issue from the Federal Railways with the issuing authorities playing safe and opting for a six year maturity. The amount of the loan has been raised modestly to DM550m. But on a spread of six years with a coupon of 6 per cent and priced at 99½, the offering contrasts strikingly with the Bundesbahn's traditional liking for long term funds.

The major banks are still finding it difficult to off-load the new issue from the State of Hesse. Perhaps as much as a fifth of this DM400m bond has yet to be placed with the stock standing at a full point discount to its issue price of 99½.

In Holland, markets have reacted with calm to the news of the latest state loan, the sixth Government tender this year and the third in as many months. The Amsterdam market held steady last week in very thin trading.

The new Government offering, a 15-year bond carrying a coupon of 8½ per cent has been pitched above the market. Subscriptions have to be in by tomorrow, and tenders of at least par will be needed. The relatively generous terms could attract something like Fl 500m, whereas last month's state offer could only pull in Fl 250m.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Bondtrade; Kredietbank NV; Banque Nationale de Paris; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Int. Luxembourg; Krediet Bank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust Int.; BFDC; Citicorp Int. Bank; Daiwa Europe NV; Deltec Trading Company; Dillon, Read Overseas Corp.; EBC; First Chicago; Goldman Sachs Int. Corp.; Hambros Bank; IBJ International; Hill Samuel and Co.; Kidder Peabody Int.; Merrill Lynch; Morgan Stanley Int.; Nesbitt Thomson; Salomon Bros. Int.; Samuel Montagu and Co.; Scandinavian Bank; Strauss Turnbull and Co.; Sumitomo Finance Int.; S. G. Warburg and Co.; Wood Gundy.

Closing prices on October 27

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9½ 88	25	95½	96½	−0½	−0¼	9.87
Australia 8 82	350	95¼	95¾	−0¾	−0¼	9.62
Australia 8.45 83	175	96¼	97½	−0¼	−0½	9.40
Australia 9½ 93	75	98½	99½	−0¾	−0½	9.45
Beatrice Foods 7¾ 83	100	93½	94½	0	−0¼	9.42
CECA 8¾ 87	50	95	95¾	−0¼	−0½	9.54
CECA 9 93	25	96½	96¾	−0¾	−1¾	9.42
CECA 9½ 98	25	97½	97¾	−0¼	−1¾	9.53
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk 5½ 88	15	97½	98½	0	+0½	5.97
Australia 6.6 90	50	101	102	+0¼	+0½	6.51
BFCE 6.4 90	30	96½	97½	+0¼	+0½	6.87
Eurofima 6.3 90	10	96¼	97¼	0	+0¼	6.82
Finland 6.7 88	25	97½	98½	0	0	7.10
Norway 5.7 83	25	103½	104½	0	+0¼	4.75
Oslo, City of 6.8 90	15	98½	99½	0	+0½	6.97
SNCF 6.6 90	20	98½	99½	0	−0¼	6.87
Sweden 6.8 90	40	96¼	97¼	+0½	+0½	6.82

[illegible]

هكذا من الأصل

FINANCIAL TIMES SURVEY

Monday October 30 1978

STANDBY POWER

Although orders for standby power equipment are now levelling off after last year's surge in demand, the long-term prospects for Britain's standby power makers are reasonably good. Worldwide demand for power supply units is likely to increase at around eight per cent a year.

...orldwide ...mand ... power ...its

...Max Wilkinson

...FACTURERS OF standby equipment are going ...h a somewhat anxious ... as the recent upward ...n orders starts to flatten ...hile orders in some sec... ...f the industry shows signs ...ing.

...unsettled political situa... ...n Iran, the imposition of ...per cent import duty and ... restrictions by Nigeria, ...reats of a tighter boycott ...ush goods by Iraq, create ...nate of uncertainty in an ...ry which is heavily de... ...nt on exports, particularly ... Middle East and Africa.

...pite these worries, most ...rers believe however that ... term prospects for ...n's standby power makers ...asonably good. To be sure, ...ecent fall in the world ...t to an ordering rate of ...d 110,000 sets a year com... ... most unfavourably with ...ear's rate of about 170,000 ...

... last year's orders may ... to have been something ...freak in a generally stable upward pattern of demand which has been increasing at a rate of around eight per cent a year when cyclical variations are evened out.

This historic rate of increase appears likely to continue for two main reasons. First, in the less-developed countries, which provide a large part of the UK's sales, the inexorable progress of industrialisation will bring in its train a demand for small portable power supply

These units will be needed in small factories, farms and government installations in many remote parts of deserts and jungles at present not served by the main utilities. Large numbers of units will be required by the armies of the Middle East, as well as for newly-created hospitals, schools and communications installations.

In some countries a standby unit is the only possible way of providing country districts with that elixir of modern life, electricity. But even in cities, supplied by a local power station, standby units will be required in key buildings as a precaution against power failures. That is because few countries in the developing world have anything like the British national grid system to ensure continuity of supply.

Indeed, the trend for oil-producing countries to build ever-larger power stations may paradoxically increase the risk of serious power failures. A district served by one 4,000 MW station is clearly more vulnerable than a district served by a large number of much smaller units.

The second major trend which is increasing demand for standby power units can be seen in the highly industrialised countries, where more and more organisations, factories and offices, depend upon highly complicated equipment, particularly computers, which cannot be deprived of power even for a short time.

Hospitals and military installations, have, of course, been provided with an alternative power source as a matter of routine for many years.

Improved supply

Now many other buildings, such as the larger banks and headquarters of companies and other institutions are finding a need for similar precautions, even though the recent record of the public utilities in keeping up an uninterrupted supply is very good. Companies connected to the public supply network can expect a supply continuity better than 99.98 per cent, according to Mr. Walter Edwards, principal engineer for the North Western Electricity Board.

In a recent article in the Electrical Times, he estimated that the average interruption of supply for all consumers, including domestic, commercial and industrial users was only 90 minutes a year, on average. Such interruptions may be only a minor irritation to many domestic consumers, but they could, nevertheless be extremely serious to large computer installations, and very wasteful to an increasing number of manufacturing companies whose processes require continuity or depend on sophisticated electronic control.

A computer installation subject to a power failure risks having large parts of its working memory wiped out. This could be an expensive happening if all the information and programmes had to be re-loaded from magnetic discs or tape. Even worse, tapes and discs containing irreplaceable information might themselves be damaged if the power failed while they were in operation.

Moreover, an organisation using an "on-line", continuously operating system such as those used by airlines for bookings could be faced with a disastrous loss of business if its system were damaged by a power failure.

Large systems of this type are already protected by standby power units, including motor-generator combinations and emergency batteries. However, the same type of system is increasingly being used by much smaller businesses. They are likely to provide steady custom for the manufacturers of alternators and diesel power units for many years to come. As the cost of computing continually falls, more small businesses will become dependent on magnetic storage systems which require a secure power supply.

However, the most important factor in estimating demand for standby power in developed countries is probably managers' perceptions of the risk of labour disruptions in the power generation industry

In 1973 and 1974, when it seemed possible that miners' strikes and power cuts could become a regular feature of the British industrial scene, domestic demand for standby equipment soared. The UK industry responded quickly with increased output to meet the demand.

It has subsequently been able to use that solid domestic business as a base to expand exports. It is estimated that 65 per cent to 75 per cent of all complete sets made in Britain are exported, and the position of alternator manufacturers is even stronger, with an estimated 45 per cent of the total world market and more than 90 per cent of units eventually going overseas.

However, as memories of the blackouts receded and financial stringencies asserted themselves, the home market has been relatively stagnant. The general slowing down of construction work and tighter control over local authority finance have had their effect. The generally sluggish pace of industrial investment has also tended to depress demand for standby equipment.

Despite this situation, Newage, which claims more than half the UK production of alternators and a 22 per cent share of the total world market, still has a three-month order book. Earlier this year it was quoting seven months' delivery time, which it regarded as much too long.

Undoubtedly, the variation in order books reflects a perennial problem of rapid stocking and destocking in an industry which still includes large numbers of relatively small assemblers of completed sets.

A chill wind from the Middle East or some other setback can lead to a marked cut-back in inventories which caused the trade cycle to be magnified by the time it is reflected in component supplies.

Mr. Bill Bew, marketing director of Newage, says: "Many of the generating set manufacturers may all be chasing the same contract. If a few big contracts are lost, a manufacturer may immediately cut down on orders instead of stocking up for the next increase in demand."

Falling dollar

One of the uncertainties facing the whole industry is the effect that the falling value of the dollar may have in making U.S. generating sets more competitive.

So far, American competition in overseas markets has not been very serious, mainly because of the high costs of shipping sets across the Atlantic and the fact that U.S. sets tend to be rather basic all-purpose units, compared with British more tailor-made offerings.

Most American set manufacturers have seen standby power units primarily as a way of selling diesel engines. They have not concentrated therefore on adapting sets to specialised conditions of noise, temperature extremes or special voltage requirements.

However, if U.S. sets made by such large companies as General Motors, Caterpillar and Cummins were to become significantly cheaper, they could nevertheless become a worry to British manufacturers.

The currency movements which may favour the American exporters threaten at the same time to make German manufacturers less price-competitive.

The two main manufacturers of alternators in Germany—Siemens and AEG—both face a worrying prospect if the Deutsche Mark continues its rise. On the other hand, Germany itself provides them with a large market quite well protected by non-tariff barriers including tight specifications.

Germany is, however, a strong importer of British alternators. They are matched with German-made diesel engines before being exported to a third country.

From the user's point of view, the purchase of a standby power unit presents a number of complex choices. On the one hand, there is an obvious price advantage of buying a standard product, but on the other hand it is necessary to ensure that it will be accurately matched to the required load.

If it is under-powered, it may fail to cater for the institution's requirements just when it is most needed. But if it is over-powered, the diesel engine may suffer from becoming clogged-up with carbon.

Details of a purchase therefore need to be considered quite carefully along with the costs. One intriguing suggestion for defraying the cost of a larger standby unit is to use it for "peak lopping"—that is, as a supplement to the mains supply at periods of maximum demand.

This requires liaison with the electricity board and careful study of the tariff structure. The basic idea is to allow the generator to start up automatically just when demand at a particular factory moves into a new tariff band.

An experiment by a large company at Exeter in the winter months of 1975-76 showed that energy bills could be cut by up to 10 per cent with the use of peak lopping.

This kind of application of standby power units is only possible in rather special circumstances. However, it does illustrate the general point that the line between a purely emergency generating set and one used for regular power supplies may become increasingly blurred.

Such a blurring of distinctions would be helpful to both users and manufacturers because of the possibilities of economic trade-offs between general running expenses and capital spent mainly as an insurance.

Growing sales overseas

THE MAIN markets for standby power equipment are overseas to judge by the sales patterns of the major UK manufacturers. Companies like Dale Electric International and Petbow Holdings between them export well over two-thirds of their production. Estimates vary, but it begins to look as though British built machinery accounted for something like 30 per cent of world exports of power equipment last year, excluding those from the U.S.

Market research men in the industry tend to pinpoint the Middle East as the main area of overseas selling as far as the UK is concerned, although this market has recently been losing some of its buoyancy. The major focus is on countries like Saudi Arabia and Kuwait. Elsewhere, the demand themes tend to stick with the developing world with Africa (notably Nigeria), playing a prominent role followed closely by the Far East and South America.

Increases

Industry statistics suggest that the markets overseas for UK power equipment are growing this year. On a comparable basis, exports of generating sets and ancillary equipment for the first eight months of 1978 are showing increases against last year of a fifth and a tenth respectively for electric and gas plant. But the figures are based on cash value so price inflation tends to enhance the upward trend. In contrast the men with their ears most firmly to the ground—the sales dealers within the power industry—feel that a generally more sluggish pattern of demand is emerging for this year.

In this country the manufacturing industry is fragmented. There could be something like 90 separate companies producing equipment of one kind or another. However, the bulk of UK output is concentrated into seven or eight independent companies with names like Dorman, Dawson-Keith, Grahame Puttick and Auto Diesels complementing the two publicly quoted companies, Dale and Petbow. Auto Diesels is part of the Braby group while Puttick was recent acquired by O'Brien Machinery of the U.S.

Between them these companies produce a mammoth array of standby power equipment. Dale is especially integrated. It operates from three main companies (Dale GB, Erskine Systems and Houchin) and offers a bespoke service as well as a range of standard equipment. Dale GB will design, construct and instal machinery ranging from one kilowatt up to five megawatts strictly to a customer specification. If someone has a problem associated with back-up power systems, the management at Dale claim to have most of the answers at their fingertips.

Almost any power requirement can be met by standby installations, the technical department at Dale will tell you. As a substitute for a mains failure or as a back-up for servicing purposes, today's range of power equipment is not hampered by a lack of versatility.

But the precise need of the customer can only be truly determined through discussions with consulting engineers. Failing this, suggests the technical department at Dale, the customer should take his problem direct to a specialist manufacturer, preferably a member of the Association of British Generating Set Manufacturers which is backed by five major standby power companies. The Association's aim is to establish common technical standards and service.

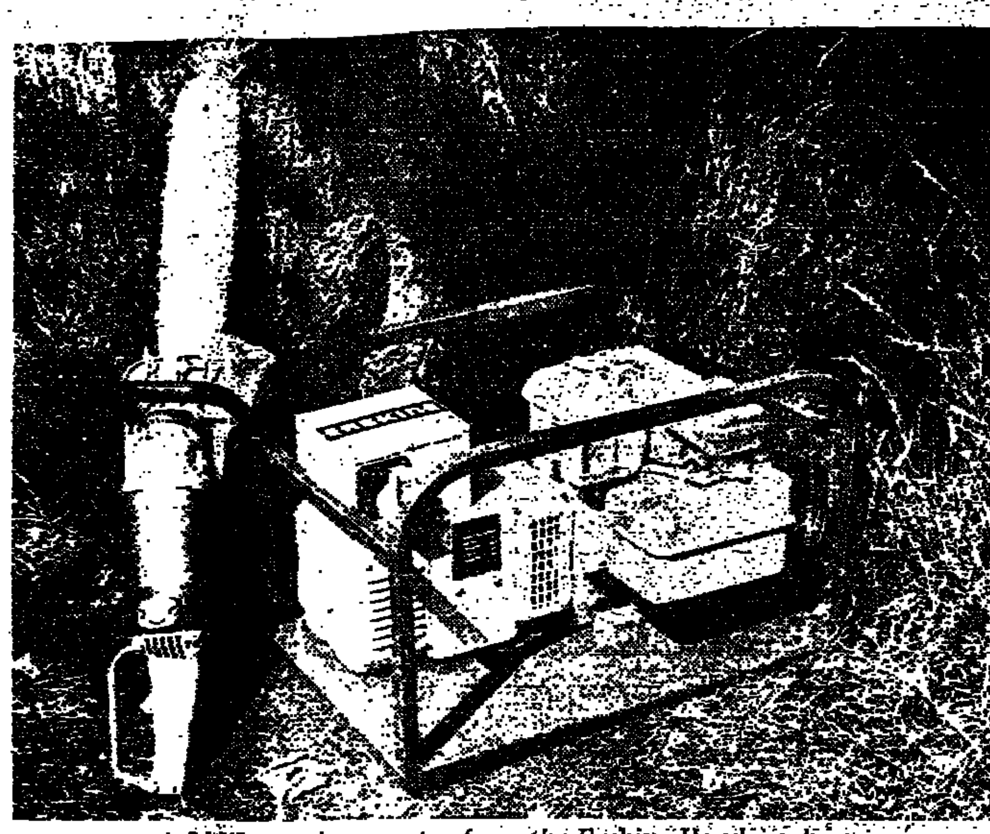
Types of installation vary widely from application to application, and in this respect the range of service to be found in this country has been a crucial factor in determining the growth of markets. Of major consideration is load requirement. Generating sets are called upon not only to supply heating and lighting but are required to operate lifts, refrigerators and air conditioning plants. Without adequate technical consultation prior to installation, a standby power unit can easily fail to live up to its name.

Broadly speaking, standby power applications can be pigeon-holed into six basic areas of operation, namely industry, hospitals, communications, airports, computers and mobile applications. Industry has a major need of alternative power especially where critical processes and perishable goods are concerned. This latter factor accounts for substantial demand among countries of primary food production.

Hospitals and other high rise buildings such as hotels and schools clearly find the prospect of power failure unacceptable, in much the same way that the communications industry does. The television, radio and telephone services have a long history of association with the manufacturers of alternative power. Similarly, there is a crucial need for alternative power at airports where runway lighting and support equipment needs to be available without interruption 24 hours in each day.

In the computer industry a mains failure can be especially costly. The prospect of a loss of memory for a high-powered piece of hardware is one that will push many computer men close to a nervous breakdown. A mains failure can mean computer error or even physical damage, not to mention the cost of personnel overtime needed for correction purposes.

Mobile applications can be a remunerative source to the standby power manufacturers where construction site applications are concerned. Having gained a contract to supply on-site generating equipment, a manufacturing company can often go on to tender with confidence for any fixed equipment that may be needed once construction work has been completed. Where remote and varying needs for emergency power are to be found so the demand is for lightweight, portable generating equipment. Construction sites apart, areas of operation tend to centre on the maintenance of substations and repairs to overhead and underground cables.



A 2 kW petrol generator from the Erskine Handypack series

The battery makers have, of course, been in the standby power business since the early days, and in recent years they have been pushing ahead with a number of modest developments. New methods have evolved of connecting rechargeable cells in series to give a desired nominal voltage for an emergency circuit loading. At the same time, batteries now come with a number of additional maintenance aids, like transparent containers for "at a glance" assessments in checking procedures.

Battery

Some emergency lighting systems use a simple car battery with a domestic invertor, although as safety regulations become more stringent so demand for more sophisticated systems grows. Many shops and homes still use th ebattery invertor system where the invertor takes the power from a car battery and pushes it up to a mains level.

In the telecommunications world, the use of standby battery power is growing at between 6 per cent and 8 per cent each year. Most of the systems produced in this country go abroad where the final resting place can vary from the developing world to a mature economy like France where data transmissions systems are being updated.

In the last ten years or so hundreds of battery types have emerged to meet high power densities, fast changing rates, the needs of a longer life and miniaturisation. But the greatest test for the manufacturing industry lies not, perhaps, in making standby batteries more reliable and longer living but in developing techniques for mechanising what remains a labour intensive industry.

Jeffrey Brown

هكذا من الأصل

STANDBY POWER III

Acceptance by manufacturers

[T]HE dark days of the oil [crisis] and various power disrup[tions i]n 1974, makers of standby [power] equipment were faced [with] such a rapid increase in [deman]d that the major diesel [engine] makers were unable to [meet] their immediate require[ments].

[The] demand was mainly for [Perkin]s, Ford, Petter, Lister, [Cumm]ins, Dorman and other [engine]s which are the basic [power] units used by British [standb]y power set manufac[turers]. Since that time, how[ever,] the market has slowed considerably, particularly [in vie]w of a slump in some key [overse]as markets such as [Nigeri]a and some Middle East [countr]ies.

[The] British market has also [been h]it by the recent pressure [to re]duce public expenditure, [which] has meant that hospitals, [local] authorities and other [public]ly financed bodies have [delaye]d if not scrapped their [plans] for emergency power [suppli]es.

[Ou]tput

[Alt]hough the engine manu[factur]ers see the power genera[ting] market as an important [one] with good prospects for [growth], the proportion of their [total] output sold in this sector [is com]paratively small. Perkins [of Pe]terborough, for example, [sells] around 10,000 engines a [year f]or this purpose, less than [5 per] cent of its total produc[tion] of more than 200,000 [engin]es a year.

[The] prospect for after-sales [earnin]gs through the supply of [spare] parts is also much [lower] than in other applica[tions] due to the very limited [use] of standby power units. [Moreo]ver, since a considerable [propo]rtion of installations are [repla]cements to upgrade power capability, the number of used power units on the market is growing.

Power units are now generally available at fairly short notice from the manufacturers and competition among the major companies has become more intense with consequent heightening of price sensitivity.

Although Perkins offers a large range of engines suitable for generation sets from 15 kW to 100 kW, its main demand is in the smaller sizes. Petter Diesels and Lister Power Plant are also in the smaller end of the range and considerable competition has developed.

The requirements of these engines are primarily reliability and all three companies have long-established reputations in this respect. This is now particularly important with the advent of increasingly sophisticated control systems necessary in applications such as power for computers.

Most makers of standby power units have tried to maintain their flexibility, enabling them to use a number of different types of engine, but few have the resources to maintain a great deal of stock, but in an increasingly tight market, where customers' requirements must be met, the need for optional engines is increasing.

Auto Diesels, a major buyer of Dorman, Perkins, Ford and Rolls-Royce engines, is now able to get rapid delivery of all these types although only 18 months ago its output was limited by the lack of engines.

Lister Power Plant is one of the few companies tied to using a particular engine, supplied by R. A. Lister, as both are owned by Hawker Siddeley. They also face competition from another Hawker Siddeley company, Petter Power Generation.

Lister Power Plant sells around 300 units a week and is claimed to be the largest integrated manufacturer in Europe, having built up a good reputation for reliability and service. In view of the fact that the company has to compete against other concerns using Lister engines, this is regarded as an essential ingredient for continued success.

Range

The company has recently launched its Nova range, a self-contained emergency set designed to be operated with the minimum of expertise by concerns which do not have technical capability. It is compact and able to be moved from one location to another without difficulty.

At present the company has no intention of moving outside its traditional range but does not rule out the possibility of going into larger scale equipment and would perhaps buy engines from other sources.

Its parent company, R. A. Lister, reports good demand for engines at present and is currently involved in a £25m *expansion plan* at its Dursley factory and a £6m foundry development. It points out that one advantage of its engine design, though not uncommon, is air cooling and good cold start capability.

This is regarded as an advantage in terms of reliability, in that checks on coolant and anti-freeze are not necessary, and hand-start capability is offered in the smaller types of engine. It also offers water-cooled engines if specified.

Lister points out that with more precise electrical output now being demanded from generating sets, closer governing of engine speeds is now required and it is continuing to work on this. At present its engine performance is "well within the British standard."

Petter Diesels believes that the price of the engine is less important ultimately than the price of the complete generator set but that the customer continues to place considerable importance on the type of engine in the package. This it regards as particularly relevant in overseas markets where parts availability and service can be crucial in winning orders.

Although competition between various engine producers, particularly on price, tends to influence buying patterns by companies selling standby power packages, most of these companies remain fairly consistent in the types of power unit they buy. Flexibility is regarded as important, often because the buyer of a generating set will specify the type of engine required.

The engine manufacturers therefore rely on a fairly steady flow of orders, sometimes upset by a power strike or threatened action, which can create near-panic conditions.

Despite the certainty that *some concerns will never accept* the need for standby power, it now seems that most are aware that like fire or theft insurance, emergency power capacity has now become a prudent option to take.

Similarly, the view that because standby power is used very seldom, cheaper and less reliable engines and equipment can be installed, is now losing popularity. The manufacturers argue that since a great deal is sometimes at stake when a standby generator is needed, the best equipment should be bought.

Lorne Barling

Reliability improves

A RECENT survey showed that a surprisingly large number of computer installations—including some on-line computers — had failed to make satisfactory provision for standby power. The more obvious reasons are that users simply fail to appreciate the risks they are running, or that they are not prepared to insure against those risks. Yet the signs are that those risks will increase in coming months, with a resurgence of industrial action in pursuit of wage claims.

Any excuse that standby power units are not yet reliable enough to warrant the expense of their installation can now be discounted. Chloride Transipack recently claimed 100 years' "mean time between failures" or MTBF for current designs of standby AC power supply systems. The idea is to use such a system with a bypass to the mains supply and a static transfer switch to feed in power immediately from an alternative source if mains power falls *away or starts to fluctuate* within unacceptably wide limits. The MTBF figure, says Chloride applies from the second year onwards. This is because such systems behave rather like electronic devices, with a risk of failing under "cooking" tests early in their lives.

The reliability of such uninterruptable power systems (UPS) rests in their use of solid-state power units, of very dependable inverters which produce the required power from a variety of sources, and of high-speed load carrying transfer switches. At the same time, design changes and improvements have brought with them the great advantage that on the rare occasions that UPS equipment does fail, repairs are simple, straightforward and take far less time than when rotating electromechanical plant is involved. It is possible today to buy systems of up to 1 MVA to safeguard computers, process control systems, telecommunications and other essential services, especially in cases where the service is intolerant of "spikes" in voltages or of a steady decline in available power.

Computer

But UPS equipment is also used to "clean up" mains power supplies in situations where it tends to be too spiky to permit reliable operation of the computer. In this case it functions as a "mains conditioner." This does not apply to any great extent in Britain; but in the U.S., where power brownouts are frequent and often extensive, this application is becoming quite common.

Competition is keen and development is rapid. For the immediate future microprocessor control of waveform synthesisers is a possibility: as is the replacement of the thyristors in the conversion equipment by high-power transistors. These moves will make the equipment still more compact and will simplify the task of adding redundancy as a further safeguard against failure.

An essential ingredient of any standby power system is the battery. There are many rivals today for the lead-acid battery in the propulsion market, but for standby applications it still reigns almost supreme. Nothing can compete at present with a passive life of some 25 years and an active life as high as 40 years. True, for special applications where weight is a prime consideration, there are several contenders—but the price is higher.

Nickel-cadmium is much lighter in weight, power for power, than solid gel lead-acid, but costs twice as much. But it will outperform lead-acid in extremes of temperature—below minus 20 and above 60 degrees Centigrade.

The sodium-sulphur and lithium-chlorine types of battery, even when fully developed—say, some time in the next decade—are less promising rivals if only because

CONTINUED ON NEXT PAGE

STANDBY POWER IV

Developing the portable

THE HUM of portable power sets is more noticeable in some northern Nigerian towns than the sound of night insects. In many less developed countries a light, easily transported power unit has become as indispensable as insect repellant because of the erratic, often non-existent, power supplies.

The developing world is still one of the fastest-growing markets for manufacturers of portable standby power sets and despite the rapid progress being made in some countries to provide a better power supply, there is little doubt that the market remains large.

The home market was largely saturated during the widespread power cuts of the mid-70s though the demand proved short-lived. Expansion for many of the major manufacturers is seen largely through exports.

Portable standby power manufacturing is a comparatively young industry in the UK—many companies now well established began making portable sets only in the last ten years to meet home market demands. Small companies sprang up offering new concepts in battery and generating sets and have survived the peaks and troughs of the UK market by remaining flexible. Today there are around 120 companies making portable sets—including big names such as Pethow, Erskine—a Dale Electric subsidiary—Auto-Diesel and Dawson-Keith.

As a parallel development to the growth of the industry more plant hire firms were established—some subsidiaries of manufacturers and others which were keen to latch on to a versatile and easily marketable product.

Hiring companies are as aware as the manufacturers of the volatile market for standby portable sets. When cold weather, gales or a break in the mains supply occurs, demand soars. Seasonal work, either on a construction site or during harvest time, are a guaranteed income.

For the home market the sales drive is now on with the advent of winter and the ever-present threat of industrial action among power workers. The cold months as always herald the peak in the market for portable power sets for manufacturers, from plant hire firms down to the domestic consumer.

The industry has responded to the challenge of an extremely diverse market with an equally wide range of portable standby power sets. The market has been identified as consisting of two major categories: domestic and industrial use. Some manufacturers, like Honda make small sets from a 250 watt capacity used in caravans boats and homes. Erskine produces a wide range of generating sets which weigh anything from a few pounds to many cwt.

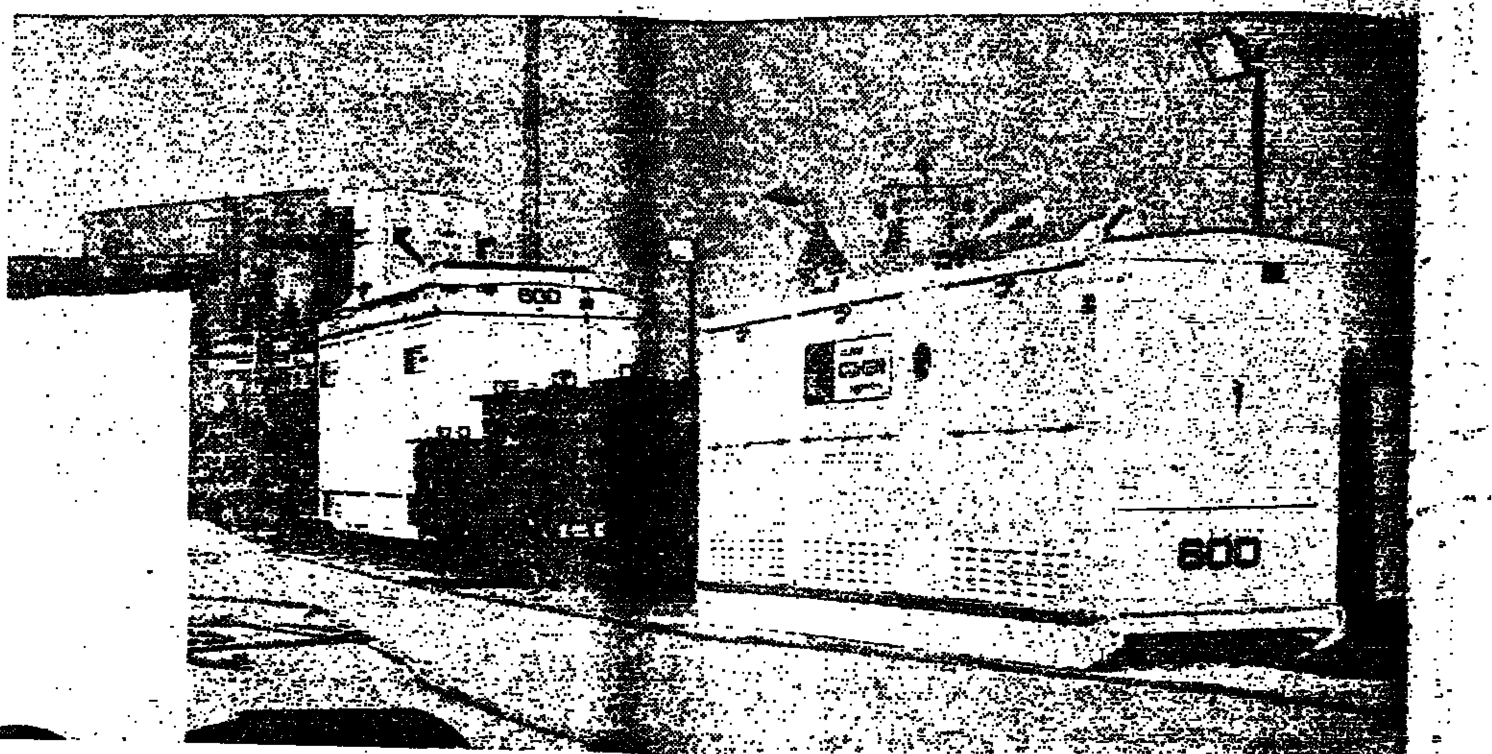
Farmers

Some portables like the 5kVA are used by farmers for emergency lighting, smaller 2 kw sets are popular in homes to maintain lighting, refrigeration and heat. Erskine's 15kVA generating set which comes with a trailer is used on construction sites for anything up to two years, on offshore rigs, mines and in industry.

Pethow makes bigger diesel generators up to 800 kw which it still regards as a portable standby set. Even the big units can be hoisted by crane onto a site, transported by trailer or be fitted onto mobile units.

Vital for the marketing of standby power sets is to understand the criteria on which the consumer bases his selection. Mobility is obviously one of the most important factors—whether a set can be easily carried or comes with a wheel base or trailer. Robustness, whether the set is of single or dual voltage, used indoors or outside, running costs, ease of operation, and the speed and voltage requirements are other considerations to take into account.

Most portable sets are generator types although battery companies such as Chloride and Oldham—which produces the Carefree range of small lead acid battery—sell their products as a back-up to the generating set as, in the result of a power failure, a generator cannot spring into action instantly.



Generators from George Cohen Machinery Limited's hire fleet in use on an oil rig site at Teesside

There are three kinds of generator—petrol, gas or diesel. Petrol standby power sets are light, compact and easily carried. They are at an advantage in outdoor functions such as tree cutting, outdoor lighting and electrical contracting. Petrol sets are also easy to operate, have a low capital cost (about half the size of a similar diesel unit) and are extremely robust.

The other disadvantage is that under continuous heavy use, portable generating sets using petrol have a shorter life than a diesel unit.

A standby gas set has all the advantages of a petrol generator with a good many plus signs besides. Some companies, for instance, sell petrol generating sets converted to propane bottled gas. Because the size of the gas bottle can vary, it saves topping up and can operate for up to 80 hours before another replacement bottle is needed compared with around two hours for a small petrol tank and around four hours for diesel. There are fewer oil changes and longer unattended running periods.

Gas is safe to both store and use and because they give less toxic exhaust fumes than either diesel or petrol, can be used inside buildings with an open window.

One gas set manufacturer, Erskine, claims that once a gas conversion is made, the user has the added advantage of being able to operate on either gas or petrol.

But the portable gas generating set still has a shorter life than a diesel unit under tough conditions, and gives a lower output.

Diesel standby power units are still the most popular in heavy industry areas such as mining, agriculture and construction because they are hardy, have a longer life and are cheaper to run—although the initial cost is higher. They are also less portable than either petrol or gas-converted sets.

The future for portable standby power sets depends on the growth of the home market which, although steadily increasing, is by no means saturated. The 1974 Health and Safety at Work Act required that industry and hoteliers were equipped with standby power: domestic standby power users, through increased advertising, are more aware of the advantages of having a portable standby set on hand.

The outlook for battery and generating sets is pinned on new technologies—now mobile stands are angled to prevent vibration; engine frames come with foam or mineral wool-lined insulation acting as silencers; new weather-proofing materials are used. And manufacturers are now more concerned with the aesthetic look of the set.

Simple to operate, easy to assemble, British manufacturers' portable sets have successfully competed against their European counterparts. Export trade in Nigeria and the Middle East seems certain to grow for the time being and new areas are being tapped where the power systems of the country remain erratic and where a portable can either back up or serve as a base-load set.

Colleen Toomey

Reliability

CONTINUED FROM PREVIOUS PAGE

of the high temperatures at which they operate. But ASEA's molten salt concept could be a competitor, albeit in very large blocks of power since the aim of the Swedish company—working in conjunction with the ESB subsidiary of the International Nickel Company of Canada—is to establish the feasibility of creating standard battery blocks with capacity of 10 mWh and operating lives of 20 years. This form of standby power could be justified in large plants—subject to penalties for exceeding power demand limits—provided ASEA succeeds in meeting the low construction and maintenance cost targets it has set itself.

Under the heading of standby power it would be justifiable to include small battery/inverter packs which beleaguered houseowners can use to run their gas/oil/solid fuel fired central heating circulation pumps when mains supplies are cut off. Gas engineers could design a gas-fuelled pump or a turbine to do the same job, but have not done so because of the cost. But there is a potential market, particularly in Europe, where the idea of extracting heat from the environment is rapidly gaining the attention of industry and the general public alike for units which will convert various kinds of "free" energy into stored heat or power.

Much equipment that is already fully developed could be made use of here. For instance, Pye recently released details of a wind-driven unit developed by an Australian associate and used in that country for some years to power telephone repeater stations. The fan drives a small generator which in turn feeds power to standby batteries.

By the same token, solar panels need pumping power, as do heat pumps and various other forms of energy recovery device—heat wheels, fluid-bed heat-exchangers, and so on. The argument against such devices is always on the grounds of cost. But the question should be: what is the cost of being deprived of power?

There is an urgent need for more work on energy recovery and energy storage, despite North Sea oil and despite the immense reserves of coal in Britain.

That may seem a long way away from standby power. But in the not too distant future, the concepts of standby power and auxiliary power could very well merge under the general one of energy conservation.

Ted Schoeters

مأخذ من الأصل

AUTHORISED UNIT TRUSTS

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg
Alexander Fund | SUS6.85 | | —
Net asset value October 25.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1, Charing Cross, St. Helier, Jsy. C.I. 0534 73741
AHR Gilt Edg. Fd. | £10.11 | 10.12 | | 11.93

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey 0534 72177
Cap. Tst. (Jersey) | 117.0 | 121.0 | | 4.03
Next dealing date November 7.
Govt. Secs. Tst. | 99 | 101 | | 12.00
Next dealing date October 30.
East & Intl. Tst. (C.I.) | 112 | 118 | | 3.10
Next dealing date November 9.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127, Kent St., Sydney
USS1 Shares | | SUS1.53 | | —
Net asset value October 20.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.
Wldinvest Income | SUS122.95 | 127.45 | -0.02 | 7.22
Prices at Oct. 26. Next sub. date Nov. 1.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels
Renta Fund LF | 1,979 | 1,958 | -10 | 7.87

Barclays Unicorn Int. (Ch. Is.) Ltd.
1, Charing Cross, St. Helier, Jrsy. 0534 73741
Overseas Income | 46.7 | 49.1 | | 12.10
Unidollar Trust | SUS11.13 | 11.62 | | 1.80
Unibond Trust | SUS104.42 | 122.28 | | 8.25

Barclays Unicorn Int. (I. O. Man) Ltd.
1 Thomas St., Douglas, I.o.M. 0624 4856
Unicorn Aust. Ext. | 52.1 | 56.1 | | 1.60
Do. Aust. Min. | 33.2 | 35.7 | | 1.70
Do. Grtr. Pacific | 70.4 | 75.7 | | —
Do. Intl. Income | 40.1 | 43.2 | | 9.20
Do. I. of Man Tst. | 45.6 | 49.1 | -0.5 | 9.00
Do. Manx Mutual | 27.0 | 29.1 | | 1.40

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911
ARMAC Oct. 2 | SUS28.32 | 30.21 | |
CANRHO Oct. 2 | £1.092 | 1.158 | |
COUNT Oct. 2 | £2.465 | 2.614 | | 2.01
Originally issued at *$10 and **£1.00.

Bridge Management Ltd.

Keyselex Mngt. Jersey Ltd.
see under Central Assets Mngt. Ltd. and under Capitrex SA

King & Shaxson Mgrs.
1 Charing Cross, St. Helier, Jersey. 0534 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund Jersey | 8.86 | 8.88 | | 12.25
Gilt Trust I.o.M. | 103.9 | 106.6 | | 12.25
Gilt Fnd. Guernsey | 9.23 | 9.26 | | 12.25
Intl. Govt. Secs. Tst.
First Sterling | £18.21 | 18.32 | | —
First Intl. | SUS203.5 | [illegible] | | —

Kleinwort Benson Limited
20, Fenchurch St., EC3 01-623 8000
Eurinvest. Lux. F. | 1,151 | | -7 | 3.04
Guernsey Inc. | 65.7 | 69.9 | | 4.35
Do. Accum. | 82.4 | 87.6 | | 4.35
KB Far East Fd. | SUS13.84 | | | 1.45
KB Intl. Fund | SUS11.46 | | | 2.00
KB Japan Fund | SUS42.97 | | | 0.58
K.B. U.S. Gwth. Fd. | SUS13.04 | | | 0.69
Signet Bermuda | SUS5.08 | | | 1.78
*Unifonds (DM) | 19.80 | 20.90 | -0.10 | 8.13
*KB act as London paying agents only.

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas | 60.8 | 64.0 | | 1.21
Next dealing date November 15.

Lloyds Bank Intl. Geneva.
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth | SF290.50 | 312.50 | | 1.80
Lloyds Int. Inc. | SF298.50 | 310.0 | | 6.50

Management International Ltd.
Bank of Bermuda Building, Bermuda
Canterbury Oct. 20 | SUS1.05 | | —

M & G Group
Three Quays, Tower Hill EC3R 6BQ 01-626 4588
Atlantic Oct. 24 | SUS3.02 | 3.30 | | —
Aust. Ex. Oct. 25 | SUS2.49 | 2.74 | | —
Gld. Ex. Oct. 25 | SUS10.51 | 11.78 | | —
Island | 131.7 | 141.7 | -1.6 | 13.60
(Accum. Units) | 189.8 | 204.1 | -2.3 | 13.60

Samuel Montagu Ldn. Agts.
114, Old Broad St., EC2 01-588 6464
Apollo Fd. Oct. 25 | SF42.1 | 45.71 | -0.25 | 4.30

[illegible]

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., Peter Port, Guernsey, C.I.
Guernsey Tst. | 150.3 | 160.8 | -0.3 | 3.69

Hill Samuel Overseas Fund S.A.
37, Rue Notre-Dame, Luxembourg
| SUS18.46 | 19.22 | -0.45 | —

International Pacific Inv. Mngt. Ltd.
PO Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst. | $A2.34 | 2.46 | -0.02 | —

J.E.T. Managers (Jersey) Ltd.
PO Box 98, Channel House, Jersey 0534 73673
Jersey Extrnl. Tst. | 191.0 | 204.0 | | —
As at Sept. 29. Next sub. day Oct. 31.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong
Jardine Estn. Tst. | HK$353.70 | | | 2.00
Jardine J'pn. Fd.* | HK$418.33 | | | 0.80
Jardine S.E.A. | SUS19.98 | | | 1.70
Jardine Flem. Int. | HK$12.48 | | | —
Intl. Pac. Secs. (Inc.) | HK$15.09 | | | —
Do. (Accum.) | HK$15.24 | | | —
NAV Oct. 14. *Equivalent SUS88.46.
Next sub. Oct. 31.

United States Tst. Intl. Adv. Co.
14, Rue Aldringer, Luxembourg.
U.S. Tst. Inv. Fnd. | SUS10.60 | | | 0.94
Net assets October 25.

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2 01-600 4555
Conv. Bd. Oct. 26 | SUS9.51 | -0.05 | —
Engy. Int. Oct. 26 | SUS17.23 | -0.25 | —
Gr. St. $Fd. Aug. 31 | SUS7.58 | | —
Merc. Ebd. Oct. 25 | SUS10.32 | 10.47 | | 0.1758
Merc. Mny. Mkt. Oct. 16 | £10.06 | 10.07 | | —

Warburg Invest. Mngt. Jrsy. Ltd.
1 Charing Cross, St. Helier, Jsy. C.I. 0534 73741
CMF Ltd. Sept. 28 | SUS13.8 | 14.28 | | —
CMT Ltd. Sept. 28 | £14.39 | 14.76 | | —
Metals Tst. Oct. 19 | £12.90 | 13.22 | | —
TMT Oct. 13 | SUS11.39 | 11.65 | | —
TMT Ltd. Oct. 13 | £11.11 | 11.40 | | —

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg.
Worldwide Gth. Fd. | SUS16.34 | +0.03 | —

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 479-484

INSURANCE BASE RATES
†Property Growth ... 10¼%
†Vanbrugh Guaranteed ... 10.12%
†Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

Interest Due		Stock	Price £	Last xd	Div % Gross	Red. Yield
—		Antofagasta Rly.	23½	8.71	—	—
1J	1J	Do 5pc Pref.	41	30.5	—	—
1J	1J	Chilean Mixed	98	3.7	—	£3.09
1J	1D	German Yng. 4½pc.	411	1.6	4½	—
1M	1N	Greek 7pc Ass.	50	2.5	3½	17.25
1F	1A	Do 6pc 28 Stab. Ass.	49	1.8	6	16.22
1A	1O	Do 4pc Mixed Ass.	40	3.7	4	15.08

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 42½% (based on US$2.0680 per £)

Conversion factor 0.7396 (0.7416)

CANADIANS

S.E. List Premium 35¾% (based on $2.4389 per £)

BANKS AND HIRE PURCHASE

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
April	Oct.	Guinness Peat	226	18.9	10.31	—	6.8	—
Dec.	July	Hambros	176	24.7	9.76	—	8.3	—
Dec.	July	Hill Samuel	87	26.6	4.97	—	8.5	—
—		Do. Warrants	225	—	—	—	—	—
Sept.	Mar.	Hong Shng $2.50	282	4.9	hQ59c	—	2.5	—
June	Nov.	Jessel Toynbee	62	2.5	th3.32	—	8.1	—
Jan.	June	Joseph (Leo) £1	180	10.7	8.74	—	7.2	—
Feb.	Aug.	Keyser Ullmann	52	30.5	0.67	—	1.9	—
June	Dec.	King & Shax 20p	62	15.5	3.44	—	8.3	—
May	Nov.	Kleinwort B.L.	92	2.10	†4.18	—	6.8	—
Aug.	Apr.	Lloyds £1	256	24.7	†9.23	4.8	5.4	5.8

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4P 4BY

Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London PS4.

Telephone: 01-248 8000.

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester. Tel: 246 8026

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 12171 Tel: 240 555

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Bonn: Pressehaus 11/104 Heussallee 2-10. Telex 8869542 Tel. 210039

Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037

Cairo: P.O. Box 2040. Tel. 938510

Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321

Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4120

Frankfurt: Im Sachsenlager 13. Telex 416263 Tel: 555730

Johannesburg: P.O. Box 2128. Telex 8-6257 Tel: 838-7545

Lisbon: Praca da Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508

Madrid: Espronceda 32, Madrid 3. Tel. 441 6772

Manchester: Queen's House, Queen Street. Telex 666813 Tel. 061-834 9381

Moscow: Sadovo-Samotechnaya 12-24, Apt. 15. Telex 7900 Tel. 200 2748

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel. (212) 541 4625

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.57.43

Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848

Rome: Via della Mercede 55. Telex 61032 Tel: 678 3314

Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88

Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698

Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920

Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004. Telex 440340 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139

Frankfurt: Im Sachsenlager 13. Telex 16263 Tel. 554667

Leeds: Permanent House, The Headrow. Tel. 0532 454969

Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 238409 Tel: (212) 489 8300

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01

Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J 27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East. For further details, please contact: Overseas Advertisement Department, Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Feb.	Aug.	Buffels R1	$12	26.6	Q170c	1.8	16.3
Aug.	Feb.	East Drie R1	$10¼	26.6	†Q78c	1.7	8.8
Aug.	Feb.	East Rand Prp. R1	485c	28.6	—	—	—
June	Dec.	F.S. Geduld 50c	$24½	25	Q315c	φ	14.8
June	Dec.	Pres. Brand 50c	$13½	25	Q150c	φ	12.8
May	Nov.	St. Helena R1	$11	2.10	Q190c	φ	19.9
Aug.	Feb.	Stilfontein 50c.	445c	26.6	†Q22c	2.3	5.7
Aug.	Feb.	Vaal Reefs 50c	$19⅛	7.8	Q115c	3.3	6.9
Feb.	Aug.	West Drie R1	$33½	26.6	Q385c	1.7	13.2
June	Dec.	West Hldgs. 50c	$29¼	25	Q415c	φ	16.1
Feb.	Aug.	Western Deep R2	$11½	7.8	Q82.5c	2.4	8.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ☆ Not comparable.
- ♦ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ Excluding a final dividend declaration.
- ◇ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: [illegible] ex dividend; [illegible] ex scrip issue; r ex rights; a ex all; d ex capital distribution.

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

IRISH

OPTIONS

3-month Call Rates

FINANCIAL TIMES

Monday October 30 1978

Public sector unions step into 5% battle

BY PAULINE CLARK, LABOUR STAFF

A DEMAND for a £60-a-week minimum wage will be formally tabled with employers of more than 1m local authority manual workers to-day as public sector union leaders move into the front-line for a major battle over Government pay policy this autumn.

Today also sees a meeting between the TUC local government committee and Mr. Peter Shore, Secretary for the Environment, about plans for next April's rate support grant.

Although these talks will not be directly about the manual workers' pay demand, they can hardly be separated from local authority employers' present fears about the outcome of their negotiations with a total 2½m employees this year, including white-collar workers, teachers, water workers and other groups.

The local authority employers will stress to the union negotiators the need to keep within the 5 per cent pay policy and are likely to fight any attempt by the unions unilaterally to raise the low pay threshold above the Government's present £44.50 ceiling.

Under the pay policy, workers earning less than £44.50 a week are not subject to a 5 per cent limit if more than that is required to bring their wages to £44.50 a week.

Like the 250,000 hospital ancillary workers with their demand for a £60 minimum weekly wage last Friday, the local authority group is backing its demand with an underlying threat of co-ordinated industrial action over the winter if the Government stands grim on its 5 per cent policy.

Resumed talks between TUC leaders and the Government tomorrow are likely to include union demands for the £44.50 limit to be raised substantially, but fears are mounting that no overall agreement will be reached, leaving the Government to defend its current guidelines as best it can.

Indications at present are that Ministers may agree to raise the threshold to £50 if this appears essential for achieving some sort of general agreement with the TUC on controlling inflation in time for the Queen's Speech on Wednesday.

Either way, the local authorities are expecting a major headache over pay this winter. The 5 per cent policy combined with the present low pay ceiling means that they can just avoid massive costs as a result of raising pay for their lowest paid workers.

The present bottom rate is £42.50. So a 5 per cent rise would bring the pay of manual workers earning that minimum to above £44.50. But any increase in the low-pay ceiling much above that level could not only mean extra cost in raising the pay of the lowest earners but also leave a differentials problem throughout the local authorities' pay structure.

Mechanisms

Average weekly earnings for full-time local authority workers are at present £64.65 for men and £46.52 for women. The bulk of the lowest paid workers are more than 640,000 part-timers and especially women school meals workers. Part-time men average £20.6 a week and women £19.41.

Mr. David Basnett, general secretary of the General and Municipal Workers Union, said yesterday that present negotiations affected workers in the key public services such as dustmen, school meals and social services, workers, and school caretakers, who were "on anybody's reckoning" low paid.

He said new mechanisms were needed to establish comparability with similar workers in outside industries and service and called for new initiatives on public service pay from the Government.

Ellinor Goodman writes: The concession on low pay is one of two possible bargaining counters still in play as the talks between the Government and the TUC enter their third week.

The Government is adamant, however, that it will not make any concession on either low pay or price control if the unions are not prepared to deliver something in return.

While Ministers have now given up any hope of the TUC coming up with an alternative to the 5 per cent pay limit, they hope they will be able to come to what is being described rather ambitiously as an "agreement" with the unions over the shared objective of controlling inflation.

This, it is hoped, would increase the chances of making the 5 per cent limit stick without actually securing the TUC's public support for it. The idea at this week's meetings will be first to get the union leaders to explain what they mean by "responsible" bargaining, and then, if possible, to get them to say how they would react to examples of patently irresponsible bargaining.

Smith puts back date for majority rule

BY TONY HAWKINS — SALISBURY, Oct. 29.

MR. IAN SMITH has ruled out a hand-over to Black majority rule in Rhodesia on December 31 —the original target date for the installation of a Black government.

The Rhodesian Prime Minister said here today that, "for purely mechanical reasons," the timetable for hand-over to Black rule would now spill into the first few months of 1979.

He declined to give a more specific estimate of the delays, saying that he hoped to have a new firm timetable later this week when he received the report of the electoral committee set up by the transitional government.

It is beig suggested in Salisbury that the transitional government is now working towards a handover date of March 3, 1979—anniversary of the signing of the internal settlement agreement.

Earlier this year, the transitional government published a detailed timetable for majority rule which included a referendum on the terms of the new constitution in September or October and one-man one-vote elections in early December.

However, the final draft of the constitution is still not ready. This has to be published, put before a referendum of White voters and passed through Parliament before universal suffrage elections can be called.

There is also doubt about the transitional government's ability to hold one-man one-vote elections while hostilities continue at their present level.

Mr. Smith described this month's trip to the U.S. with his three black colleagues in the transitional Government—Bishop Abel Muzorewa, the Rev. Ndabaningi Sithole and Chief Jeremiah Chirau—as "a clear victory for us."

The breakthrough that had been achieved, he claimed, was to influence the U.S. Government to call an all-party conference on Rhodesia "without preconditions."

Mr. Smith said he had been told in Washington that the all-party talks would go ahead even if the co-leaders of the Patriotic Front, Mr. Robert Mugabe and Mr. Joshua Nkomo, refused to attend.

He was sceptical on the outcome of talks, but if Britain and the U.S. were prepared to drop their policy of "appeasement," he said, then there was "some hope."

He rejected suggestions that Rhodesia's raid against guerrilla bases inside Zambia and Mozambique recently had jeopardised the talks.

Mr. Smith said he was unconcerned about British military supplies to Zambia. He described the British arms airlift as "showmanship," adding: "I don't think that the arms will be of any consequence."

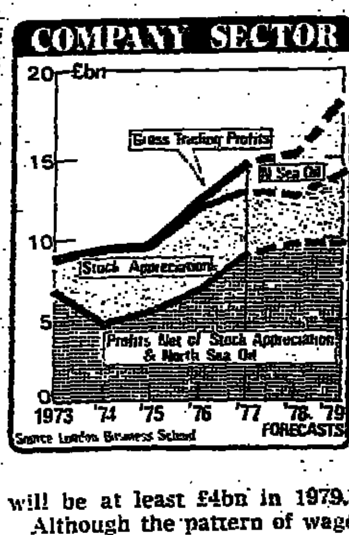
● A summit meeting in Dar es Salaam aimed at uniting Black Africa's five "front-line" presidents appeared today to have hit a big obstacle with the absence from the talks of Mozambique's leader, President Samora Machel.

No official explanation has been given for Mr. Machel's failure to arrive for the summit, which official sources said was devoted exclusively to unifying the front-line states opposing the Rhodesian administration.

THE LEX COLUMN

Profits outlook reassessed

One factor behind the 50-point decline by the FT 30-Share Index from its September peak has been the impact of rising interest rates. Rising yields on gilt-edged have pushed up the required yields on equities. But this does not explain an actual slight narrowing of the yield gap between gilts and equities over this period—a change which implies that the market has reduced its expectations of dividend growth from equities. There is thus a second explanation for the market's weakness—that projections of the profitability of industry during this year and next are being widely revised downwards.



The reasons for this are apparent from the latest set of economic forecasts from the London Business School, published today. In sharp contrast to the experience of 1977—when wholesale prices of manufactured goods rose by 19 per cent, compared with a rise of some 11 per cent in unit labour costs—this year wholesale prices are likely to lag, increasing by under 10 per cent while unit labour costs will be up by perhaps 12½ per cent.

The year 1977 was the third straight year in which company profits in real terms rose sharply (admittedly from a very deep trough in 1974). The gain for 1977 in company trading profits excluding stock appreciation and the North Sea oil sector is put at almost 30 per cent. Figures from the Central Statistical Office, however, have already indicated a setback in real profits in the second quarter of 1978, and a sharp rise in the corporate sector's financial deficit. Now the LBS forecasters suggest the profits rise for the whole of 1978 will be only 9 per cent (about the same as inflation) while for 1979 growth will disappear almost completely. This implies a fall in the share of profits (on this definition) of companies in gross domestic product over two years from 7.3 to 6.4 per cent.

Brokers Simon and Coates have also revised downwards their hopes for profits growth. Their latest review of corporate profits and liquidity is, however, a little more optimistic than the LBS *Economic Outlook*—they estimate that gross trading profits of the company sector will rise by 8 per cent, twice as fast as the LBS predict. Both the LBS and the brokers, however, calculate that the corporate sector's financial deficit will be at least £4bn in 1979.

Although the pattern of wage costs has not diverged greatly from that expected previously by many forecasters, the behaviour of prices and the exchange rate has not been quite according to plan. One reason for relative optimism about company profits has been the expectation that sterling would drift downwards, with the connivance or even encouragement of the Government. Even now, the LBS is expecting the exchange rate index to fall by about 4 per cent next year. But at the Mansion House the Chancellor was proclaiming the virtues of stability in the exchange rate, and even if his conversion to the hard currency school of thinking was not totally convincing, there are obvious political advantages in keeping sterling steady until the election. Import competition has been severely restraining companies' ability to put up prices.

Last year priority was being given to restoring company profits and boosting investment. This year, ahead of an election, the pendulum has swung back and the consumer is king: companies are even being threatened again with renewed price controls. It is all very unsettling, and any serious attempts by the Government to join the European Monetary System could bring still more significant pressures on short-term profits levels. But it is worth remembering that in the longer term companies (and the stock market) have a great deal to gain from a sharp reduction in inflation, whatever the transitional strains.

Authorised banks

There was a time when the Bank of England dished out the coveted authorised banking status to almost anyone who cared to knock on its door. However, the secondary banking crisis put a stop to all that and since then the Bank has been much more choosy.

In fact, apart from a few foreign banks and one or two subsidiaries of major UK banks the Bank of England has not granted authorised status to a small, home-grown bank since it popped Edward Bates on its list at the end of 1973. However, over the next year or so it will probably add Robert Fleming and Co. to its privileged list.

Although Fleming has behaved like a merchant bank for many years it never considered it necessary to go through the whole rigmarole of becoming a proper bank. However, this sort of easy-going approach can no longer be easily accommodated in the increasingly regulated atmosphere of the City. So Robert Fleming is having to move with the times and apply for fully authorised status. But whereas before the secondary banking crisis this took no more than three months, these days it can take up to 18 months.

Equity Accounting

Tomorrow is the closing date for comments on SSAP 1, the accounting standard for associate companies which is now being reviewed by the Accounting Standards Committee. Already, however, thinking among leading accountants is in favour of a significant tightening of the rules. To start with, it seems that the 20 per cent minimum qualifying stake limit could be made totally inflexible. This would be bad news for Midland Bank, for example, which treats Standard Chartered, in which it has a 16 per cent holding, as an associate.

Another possible change concerns the method by which an associate stake could be calculated. The idea is that it should only be possible to take group holdings into account to get beyond 20 per cent. In other words, the recent example of Lonrho treating House of Fraser (in which it has a 19.4 per cent group stake) as an associate would not be permitted — even though SUITS, of which Lonrho has almost 30 per cent, also owns 10 per cent of House of Fraser. The eventual decision by the Accounting Standards Committee is bound to be arbitrary, but the basic objective of making accounting standards less flexible will help investors.

Economic activity 'likely to expand more slowly'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ECONOMIC ACTIVITY should continue to expand next year although slightly more slowly than this year, according to the latest assessment from the London Business School, published this morning.

The school forecasts that the consumer boom will slacken next year but that demand will be sustained by the expansion of exports and investment. Unemployment should continue to fall slowly and the current account is likely to be in small deficit.

Cautious optimism about the short-term outlook for orders and output is also likely to be indicated by the Confederation of British Industry's October monthly trends inquiry, due tomorrow.

Last month's inquiry was the most optimistic for several months, notably about export order prospects and expectations for the volume of output in the next four months.

The new survey should confirm that trend, although the further improvement may have been only modest. Many companies still report order books below normal, especially in intermediate goods industries.

The October inquiry is likely, however, to be dominated by industrialists' worries about pay, in view of current disputes. The CBI last week told Mr. Denis Healey, the Chancellor, of the deep concern of its members about the impact of possible pay developments, since real profitability is low.

The business school forecasts that earnings will rise by 11 to 12 per cent during the current pay round on the basis of the movement of the sterling prices of the UK's competitors and the likely growth in British productivity.

That indicates the ability of British manufacturers to meet pay demands without severe loss of competitiveness. The school regards that as more important in controlling inflation than the Government's attempts to impose a pay norm.

Indeed, it says, if the Government wanted a lower increase in earnings, monetary policy would have to be tightened with a correspondingly higher exchange rate.

On the basis of present policies, the rate of price inflation would rise towards double figures at the end of next year.

Forecast details, Page 4

'U.S. pay-price code no one year wonder'

BY DAVID BUCHAN — WASHINGTON, Oct. 29.

PRESIDENT Jimmy Carter's new programme to reduce inflation will have to continue for more than just one year if it is to have any effect, Mr. Michael Blumenthal, the Treasury Secretary, said today.

Inflationary pressures had been building up over the past decade and even with the new programme, which sets voluntary pay and price guidelines and commits the federal government to cut its budget deficit and its bureaucracy, it could take several years for them to abate.

His remarks were echoed by Mr. Alfred Kahn, who was appointed by Mr. Carter last week to head the anti-inflation strategy. Both men were speaking on television in separate programmes as part of the Administration's bid to obtain maximum publicity for its new anti-inflation drive.

Mr. Kahn said he was disappointed by the negative reaction to the new programme from the stock and foreign exchange markets, but there was no quick cure for inflation.

The Treasury Secretary criticised foreign exchange dealers for acting on "herd instinct" and claimed that they were ignoring basic factors such as the decline in the U.S. current account deficit, the improvement in the trade balance, the potential effect of the newly passed Energy Bill in reducing oil imports and Mr. Carter's commitment to cutthe federal budget deficit to $30bn or less in 1980.

Mr. Blumenthal denied that the Administration and the Federal Reserve Board, which is responsible for the money supply and interest rates in the U.S., were "working at cross purposes."

So far the Federal Reserve has taken the lead in the fight against inflation by raising basic interest rates to a record level. Many in the Administration now hope that, with the wage and price guidelines in operation, the Fed will soon consider reducing interest rates again.

The Treasury Secretary denied, however, that there was any firm agreement to do this with the Fed, which is constitutionally independent of the executive.

While his prime concern was bringing inflation down—the Administration's new goal is 6-6.5 per cent next year—Mr. Kahn saw no reason to oppose increased energy prices. He said that, as an economist, he thought it "inefficient" for the U.S. to go on consuming oil and gas at prices below their real costs.

The new Energy Bill, strongly supported by President Carter, will sharply raise natural gas prices.

Cool UK response to EEC oil plan

BY KEVIN DONE, ENERGY CORRESPONDENT

THE EUROPEAN Commission is hoping for rapid action on its proposals to launch a Community-funded programme of oil exploration.

But its plan, which will be put to the Council of Energy Ministers meeting in Luxembourg today will be met by a cool response from the UK, the Community's biggest oil producer.

The Commission is seeking to set up a working party to study how the Community could best support oil exploration.

However, it is known to be keen to start a programme of seismic work together with some exploratory drilling in regions of the Community considered uncommercial by the oil industry.

The aim of such a programme would be to give the Community a better idea of the potential reserves of hydrocarbons existing in EEC countries. It would be scientific-research rather than straightforward oil exploration work.

One area being considered for such work is the continental shelf off the East of Greenland. But there is also the possibility of sponsoring programmes of deep drilling onshore—to depths of 6,000 metres or more in Holland, Italy and France.

The Commission believes that the oil industry is unlikely to drill in such expensive areas as the east of Greenland until it is given some indication of the potential structures.

But the UK believes that there would be little sense in financing EEC oil exploration, which the industry has decided is uneconomic at this stage.

Mr. Anthony Wedgwood Benn, the Energy Secretary, will make clear his view that arrangements for oil exploration are the responsibility of individual member states—rather than the Commission.

Ipitrade compromise

BY ROBERT MAUTHNER — PARIS, Oct. 28.

THE LAST major obstacle to the $1.15bn (£580m) Euro-currency loan to Nigeria has been cleared with the settlement of the dispute between the Nigerian Government and the French trading company Ipitrade over payments for a consignment of cement in 1975.

A director of the French company said that a satisfactory compromise was reached at a meeting in London last week between Ipitrade and lawyers representing the Nigerian Government.

As a result, Ipitrade had withdrawn the complaint it filed with a Paris tribunal, which ruled that all Nigerian bank accounts in France should be frozen until the debt was settled.

Though the Ipitrade director declined to disclose the sum paid by the Nigerian G[illegible] to be about $6.5m (£3.3m).

The settlement brings to an end a complicated and long-drawn-out dispute in which the International Chamber of Commerce was asked to act as arbitrator.

The Geneva-based arbitration panel of the chamber originally ruled that the Nigerian Government should pay Ipitrade $10m for breach of contract. Although Nigeria refused to accept this judgment, it subsequently agreed to a private settlement with Ipitrade for $6.5m to be paid by the end of August this year.

However, for mysterious reasons, the payment was not made by this deadline and it took several weeks of negotiations, sometimes through intermediaries, and the threat that the Euro-currency loan would be indefinitely blocked, before [illegible]eria finally agreed to make [illegible] payment.

Anglo-U.S. £10m micro venture for Cheshire

By John Lloyd

THE VENTURE by GEC, the British group, and the U.S. semiconductor company, Fairchild, to develop production of micro-processors in the UK is likely to set up its main plant at the village of Neston, near Chester.

The plant—no final decision on its siting has yet been made—will have about £10m initial capital from the two companies and an undisclosed amount of Government aid. The venture will be eligible for support from the Department of Industry's £70m fund established earlier this year to encourage micro-processor production, and the plant will attract regional development grants.

An American Mr. Don Brown, a senior manager at Fairchild, is thought to be favoured for the job as head of the project which will be built up gradually to a capitalisation of £20m. In the semiconductor business, where assets are regularly turned over twice a year, this would make it a £40m-a-year business.

Unrealistic

The plant will make micro-processors and mini computer memories for the UK and European markets, although it may also ship some of its production to the U.S.

Fairchild has made it clear that it will use the plant to produce standard products already developed in the U.S. and on the market for at least a year.

It considers that it is unrealistic to use British engineers to do research and development on micro-processors when they have neither the experience nor the technological base.

However, as the technological base is built up, Fairchild sees a role for some original work in the venture.

CBI against merger of Price Commission

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE CONFEDERATION of British Industry has told the Government firmly that it sees no place for the Price Commission as part of an enlarged Monopolies and Mergers Commission.

The CBI says that it "unequivocally rejects" the idea of such a merger as suggested in a Government Green Paper this year. In comments on the Green Paper approved at the last CBI Council meeting, it argues that "regulation of specific prices is valid only when abusive behaviour in the form of excessive profits has been revealed."

Instead of giving this role to the Price Commission, the Office of Fair Trading should carry out extensive research when abuses are suspected before referring them to the Monopolies Commission.

The confederation feels that the Green Paper has not made a case for tightening competition policy. "Competitive forces can be damaged by inappropriate Government restrictions as much as by the action of dominant enterprises," it says.

Competition policy should therefore concentrate on behaviour rather than structure. Increased market dominance, without a worsening in behaviour, did not in itself constitute sufficient justification for tougher action.

The CBI questions the Green Paper's view that market dominance "in any economically meaningful sense" has increased in recent years in the UK. It also feels that there is no evidence of an increase in abusive behaviour or of existing legislation being inadequate to deal with such abuses as have occurred.

There were too many reservations about the research on merger activity for it to be the basis for policy changes. There was no case, therefore, for a change in the present approach of the Mergers' Panel and Monopolies and Mergers Commission in considering merger proposals.

The CBI does propose, however, that the gross assets criterion for referrable mergers should be raised from £5m to about £17m to take account of inflation since 1965, when the level was set.

It also wants recommendations by the Director-General of Fair Trading about whether mergers should be referred to the Commission to be made public. If these were rejected by tha Secretary of State, some explanation should be given.

The Green Paper published last May was produced by a Whitehall committee headed by Mr. Hans Liesner, a Government economics adviser. The committee did not take evidence before publication.

Weather

UK TODAY

SUNNY, or cloudy with occasional rain.

London, S.E. and Cent. S. England, E. Anglia, E. Midlands, Channel Is.
Mostly dry with sunny spells. Max. 14C (57F).

E. and Cent. N. England, W. Midlands
Bright intervals. Possibly a little rain later. Wind southwest. Max. 13C (55F).

S.W. England, S. Wales
Cloudy, occasional rain. Max. 12C-14C (54F-57F).

N. Wales, N.W. and N.E. England, Lakes, Isle of Man
Mostly cloudy, occasional rain or drizzle. Max. 10C-12C (50F-54F).

Borders, Edinburgh, Dundee, Aberdeen, S.W. Scotland, Glasgow, N. Ireland
Cloudy, with rain, becoming dry later. Max. 11C (52F).

Cent. Highlands, Moray Firth, N.E. and N.W. Scotland, Argyll, Orkney, Shetland
Cloudy with rain, sunny intervals. Max. 9C-10C (48F-52F).

BUSINESS CENTRES

	Y'day midday	°C	°F		Y'day midday	°C	°F
Amsdm	C	12	54	Madrid	S	19	66
Athens	C	12	54	Manchestr	C	10	50
Bahrain	S	31	88	Melbourne	F	15	59
Barcelona	C	16	61	Mexico C.	S	20	68
Beirut	S	24	74	Milan	S	14	57
Belfast	F	13	55	Montreal	S	4	39
Belgrade	F	11	52	Mosco	R	1	34
Berlin	C	11	52	Munich	S	10	50
Brmghm	C	8	46	Newcastle	C	13	55
Bristol	C	11	52	New York	S	12	54
Brussels	C	12	54	Oslo	F	5	[illegible]
B. Aires	S	19	66	Paris	S	14	57
Cairo	S	30	[illegible]	Perth	F	25	77
Cardiff	C	12	54	Prague	F	11	52
Chicago	S	11	52	Reykjavik	R	5	41
Cologne	S	11	52	Rio de J'o	S	30	[illegible]
Copnhagn	F	14	57	Rome	S	17	63
Dublin	C	15	[illegible]	Singapore	C	29	84
Edinburgh	F	14	57	Stockholm	C	7	45
Frankfurt	C	11	52	Strasbrg	C	12	54
Geneva	S	11	52	Sydney	R	17	63
Glasgow	C	13	55	Tehran	S	22	72
Helsinki	R	3	37	Tel Aviv	S	25	77
H. Kong	S	16	60	Tokyo	C	15	59
Jo'burg	S	24	75	Toronto	C	11	52
Lisbon	S	22	72	Vienna	C	12	54
London	S	15	59	Warsaw	R	11	52
Luxemb'g	C	10	50	Zurich	S	11	52

HOLIDAY RESORTS

		°C	°F			°C	°F
Ajaccio	S	17	63	Jersey	C	11	52
Algiers	F	22	72	Las Plms	S	26	79
Biarritz	C	13	55	Locarno	S	13	55
Blackpool	C	13	55	Majorca	F	21	70
Bordeaux	S	20	68	Malaga	S	21	70
Boulogne	C	13	55	Malta	S	17	63
Casablanca	S	22	72	Nairobi	S	24	75
Cape Town	C	20	[illegible]	Naples	S	15	59
Corfu	S	18	64	Nice	S	19	66
Dubrovnik	S	10	50	Nicosia	C	22	72
Faro	S	21	70	Oporto	S	18	64
Florence	S	18	64	Rhodes	C	27	81
Funchal	S	22	72	Salzburg	F	12	54
Gibraltar	S	19	66	Tangier	S	24	75
Guernsey	C	13	55	Tenerife	S	22	72
Innsbruck	S	12	54	Tunis	F	20	68
Inverness	F	14	57	Valencia	F	19	66
Isle of M	C	12	54	Venice	S	[illegible]	[illegible]

Registered at the Post Office. Printed by St. [illegible]